AFRICA RECOVERY

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Secretary-General launches a "quiet revolution"

UN reform plan will provide new impetus to development

By **Margaret A. Novicki**

The "most extensive and far-reaching" reforms in the United Nations' 52-year history, unveiled by Secretary-General Kofi Annan on 16 July, will have a significant impact on Africa's economic and social development. The package of reforms, characterized by the Secretary-General as a "quiet revolution" in the way the UN does business, will shift resources out of administration to development, mobilize new sources of development financing, and strengthen UN operations in the field. They will also improve the organization's ability to address the challenges Africa faces arising out of conflict and its aftermath – from humanitarian aid to peace-building and human rights.

"The reforms that I propose today will enable the United Nations to do even more, even better," Secretary-General Annan stated before the General Assembly. The aim of the process, he said, is to bring to the UN "greater unity of purpose, greater coherence of efforts and greater agility in responding to an increasingly dynamic and complex world."

The restructuring meets Africa's priorities and concerns in two significant ways – strengthening and streamlining the development activities of the UN, and enhancing its capacity to build peace, respond to humanitarian needs, and support human rights. Speaking on behalf of the African Group, Ambassador Jack Wilmot of Ghana said for those in developing countries, particularly in Africa, "the yardstick" for evaluating the reform proposals will be the extent to which their aspirations for a more secure, prosperous and just world are satisfied.

UN Photo 159

Secretary-General Kofi Annan answers journalists' questions on his proposals to reform the UN, presented to the General Assembly on 16 July.

The Secretary-General's recommendations – the result of a six-month study – are contained in the report, "Renewing the United Nations: A Programme of Reform." They are the second phase of a reform effort begun shortly after Mr. Annan took office in January. Some proposals require General Assembly approval, while others can be implemented immediately under the Secretary-General's own authority.

To accurately reflect the "changing global agenda" which involves "new and unprecedented threats and challenges" – many transcending national borders – Mr. Annan announced that the work of the organization has been restructured around five core areas to which resources will be reoriented: peace and

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Industrialized countries spotlight Africa

Summit of G-7 and Russia promises greater market access

By **Ernest Harsch**

For the first time in its history, the Group of Seven (G-7) industrialized countries devoted extensive discussion to broad African development concerns at their annual summit meeting. In order to develop, African economies especially need more private investment and expanded access to world markets, declared the Summit of the Eight (the G-7 plus Russia), held 20-22 June in Denver, Colorado. "Our objective is not only to facilitate the progressive integration of African countries into the world economy," said the final communiqué, "but also to foster the integration of poor populations into the economic, social and political life of their countries."

Observing that external aid alone cannot help African countries develop, the communiqué stressed, "Increased prosperity ultimately depends upon creating an environment for domestic capital formation, private sector-led growth and successful integration into global markets." It praised the increasing number of African countries that are adopting market-oriented policies, while also undertaking democratic reforms, reducing military expenditures and strengthening public institutions and civil society.

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Annan asserts primacy of human rights

'Human rights are African rights, not an imposition or plot by the industrialized West'

By **Salim Lone**

In a series of decisive statements and actions in June, UN Secretary-General Kofi Annan emphatically identified respect for human rights as a key priority for all states, one which is indivisible from the universally accepted goals of democracy and sustainable development. In enunciating this position on human rights – one of the most contentious issues in international diplomacy – the Secretary-General added significantly to the authority with which champions of this cause can press their case, particularly within Africa, where genocide in Rwanda and virulent internal strife in Burundi, Liberia and Somalia have made protecting human rights and instituting democratic rule a compelling priority.

UN Photo Grant

Focus on human rights: Mr. Annan with President Kabila (far left) and OAU Secretary-General Salim Salim; and above, new Human Rights Commissioner Mary Robinson.

Mr. Annan chose the setting of the June summit of the Organization of African Unity (OAU) in Harare, Zimbabwe, for the most explicit rendering of his emerging vision of how the principles of the UN Charter should be embodied in national and international policy-making. "We will succeed," he said on 2 June, "to the extent that we embrace the inviolability of human rights" alongside "the primacy of democratic rule and the imperative of sustainable development."

The Secretary-General's emerging vision on translating the principles of the UN Charter into policy.

He pressed his case further on three important occasions in the days that followed: in his first meeting with President Laurent Désiré Kabila of the Democratic Republic of the Congo; in his 4 June comments in London on the coup d'etat in Sierra Leone; and in his 12 June appointment as UN Human Rights Commissioner of Mrs. Mary Robinson, the President of Ireland and an outspoken advocate of human rights.

Addressing in Harare the African Heads of State whose support had been instrumental in electing him Secretary-General, Mr. Annan made an impassioned plea for placing human rights at the centre of any programme designed to promote democracy and sustainable development. He said he found "truly demeaning" the assertions of those who think human rights concerns are "a luxury of the rich countries for which Africa is not ready," while others "treat it as an imposition, if not a plot, by the industrialized West."

"Do not African mothers weep when their sons or daughters are killed or maimed by agents of repressive rule?" he asked African leaders. Among them were President Pasteur Bizimungu of Rwanda, where a rebel force had put an end to the genocide perpetrated by Hutu extremists, and President Kabila, whose rebel army has been accused, during its military campaign against the Mobutu regime, of perpetrating atrocities against Rwandese refugees who included the Hutu extremists allied with the Mobutu regime.

The Secretary-General left no doubt about the answer: "I say this to you, my brothers and sisters: human rights are African rights, and I call upon you to ensure that all Africans are able fully to enjoy them."

In making the link between sustainable development, democracy and human rights, Mr. Annan emphasized Africa's need for external assistance. But he also made a powerful appeal for Africans to take full charge of their own destiny as they try to build peace through a more just society. "In the final analysis," he said, "what stands between us and the future is ourselves."

Then, in his 3 June meeting with President Kabila, the first issue the Secretary-General raised was the humanitarian situation of Rwandese refugees. In that regard, Mr. Annan obtained the President's agreement to grant access to the eastern part of the country for the UN Office of the High Commissioner for Human Rights to investigate reports of gross violations of human rights. When the Congolese authorities subsequently raised objections to the initial composition of the investigating team, Mr. Annan vowed to quickly appoint a new team and send it into the field. "What is important here is to get to the facts," he said (see page 19).

Mr. Annan stopped over in London on his return from the OAU Summit, and in a joint press conference with Mr. Robin Cook, the UK Foreign Secretary, stated in remarkably strong terms that the coup in Sierra Leone was unacceptable. Pointing to the OAU condemnation of the coup and the stand taken by Sierra Leone's neighbours, Mr. Annan hinted that he might not be unsympathetic to the use of force by these neighbours to restore the democratically elected government: "It may have to come to that," he said, although naturally "I would prefer negotiations."

A week later, on 12 June, Mr. Annan announced what he said was "one of the most important appointments I will probably have the opportunity to make during my term, [one that] is very important for the entire international community." This was the appointment of Irish President Mary Robinson as the UN High Commissioner for Human Rights. She is "an extraordinary leader...who will bring dynamism, credibility and leadership...for the

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A new era beckons Africa, says Annan

Africa needs and deserves aid, but "what stands between us and the future is ourselves"

Following are excerpts from the address given on 2 June 1997 by Secretary-General Kofi Annan to the Annual Assembly of Heads of State and Government of the Organization of African Unity (OAU) in Harare:

Africa has, in the past five decades, been through a series of momentous changes. First came decolonization and the struggle against apartheid. Then came a second wave, too often marked by civil wars, the tyranny of military rule, and economic stagnation. I believe that a new era is now in prospect. Africa's third wave. Let us make this third wave one of lasting peace, based on democracy, human rights, and sustainable development.

Portents of this third wave are all around us. We salute the democratic transitions in Namibia, in Mozambique, and, most recently, in South Africa. In the Congo, we have seen a sudden shift in power. A long period of despotic rule has been brought to an end. A truly historic opportunity beckons. The entire world was relieved to see the transition take place in relative peace, and all welcome President Kabila's commitment to constitutional rule and to the holding of democratic elections.

It is necessary even now that the protection of human life and full respect for human rights are given the highest priority, and that the rule of law should quickly return to that vast and vibrant country. The United Nations asks that we may tend to the weak and the displaced, so that this new beginning may be an affirmation of the sanctity of life.

My friends, I speak to you as a fellow African, and I speak to you from the heart: we will succeed to the extent that we embrace the primacy of democratic rule, the inviolability of human rights, and the imperatives of sustainable development.

The success of the third wave begins with a single and simple proposition – the will of the people. The will of the people must be the basis of governmental authority in Africa, and governments, duly elected, should not be overthrown by force. Last week, military elements in Sierra Leone toppled a democratically elected government. The Secretary-General of the OAU, the Government of Zimbabwe and other African leaders spoke for all of us when they expressed their revulsion.

Africa can no longer tolerate, and accept as *faits accomplis*, coups against elected governments, and the illegal seizure of power by military cliques, who sometimes act for sectional interests, sometimes simply for their own. Armies exist to protect national sovereignty, not to train their guns on their own people.

Some may argue that military regimes bring stability and predictability, that they are helpful to economic development. That is a delusion. Look at the example of South America, where the militaries are back in their garrisons, democracy thrives, and economies soar. Accordingly, let us dedicate ourselves to a new doctrine for African politics: where democracy has been usurped, let us do whatever is in our power to restore it to its rightful owners, the people.

The success of Africa's third wave depends equally on respect for fundamental human rights. The conflicts which have disfigured our continent have, all too often, been accompanied by massive human rights violations.

I am aware of the fact that some view this concern as a luxury of the rich countries for which Africa is not ready. I know that others treat it as an imposition, if not a plot, by the industrialized West.

I find these thoughts truly demeaning, demeaning of the yearning for human dignity that resides in every African heart. Do not African mothers weep when their sons or daughters are killed or maimed by agents of repressive rule? We cannot afford to lose one life, spare one idea, relinquish one hope, if we are to succeed on our chosen course. So I say this to you, my brothers and sisters, that human rights are African rights, and I call upon you to ensure that all Africans are able fully to enjoy them.

My friends, the promise of Africa's third wave beckons. Our turn has come. We can eradicate poverty, settle our scattered people, restore hope, and achieve dynamism. Africa needs external assistance, and Africa deserves it; but in the final analysis, what stands between us and the future is ourselves. ■

The complete text of this speech can be requested by facsimile (212) 963-4556 or downloaded from the UN Africa Recovery webpage <www.un.org/ecosocdev/geninfo/afrec>

Human rights

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UN in the human rights field," the Secretary-General said.

The appointment was a bold one: Mrs. Robinson's outspoken and activist approach has won her a wide following. A lawyer by training, she has served on the International Commission of Jurists and has special expertise in human rights law. As President of Ireland she emphasized the needs of developing countries, becoming the first and virtually only head of state to visit Somalia following the crisis there in 1992 and Rwanda after the 1994 genocide. But there is also a worry among some member states that her outspoken approach may be inappropriate for a UN official, given the lack of universal consensus on what constitute the core elements of human rights.

Mr. Annan's stance reflects the growing strength of forces, including in developing countries, pressing for human rights.

Mr. Annan's explicit elaboration of his position on human rights in his speech to the OAU is all the more forceful – and credible – for the fact that he himself is African: a non-African Secretary-General could not have spoken in this manner without causing offence. The boldness of his stance on democracy and human rights – which are increasingly being seen as vital components of the criteria for defining legitimacy for governments – will make it much easier for Africa's democrats to campaign in national and global forums for humane and democratic rule.

Bold as the Secretary-General's stance on human rights is, it also reflects the growing strength of forces, including within the developing world, which see respect for human rights as a cornerstone of good governance.

The Secretary-General's package of UN reforms, announced on 16 July, also heightens the prominence of human rights concerns within the organization. Human rights has been designated one of the five core areas around which the UN's work will be restructured. The two human rights offices will be consolidated and a single secretariat established to provide the new Commissioner with a strong institutional basis for putting human rights at the heart of the policy-making process. ■

Coups no longer acceptable: OAU

Summit extols democracy; African Economic Community is inaugurated

By **Andrew Meldrum**
Harare

Thirty African heads of state gathered in Harare on 2 June for the 33rd summit of the Organization of African Unity (OAU) intending to welcome the progress towards achieving peace in such troubled countries as Liberia, Angola and the Democratic Republic of the Congo (formerly Zaire).

OAU Chairman and Zimbabwean President Robert Mugabe led the rousing welcome given to the new Congolese President, Laurent Desire Kabila.

But even as the leaders were taking their seats at the summit that morning, Sierra Leone's capital, Freetown, was being bombarded by Nigerian ships. Although it had not been on the agenda, the thorny question of the coup in Sierra Leone and the action taken against the coup makers by the Nigerian forces overshadowed all other issues at the Harare summit.

"Where democracy has been usurped, let us do all in our power to restore it to the people," said UN Secretary-General Kofi Annan at the summit's opening. "Neighbouring states, regional groups and international organizations must all play their parts to restore Sierra Leone's constitutional and democratic government."

'Democracy must be restored'

Similar sentiments were voiced by Zimbabwean President Robert Mugabe. "Democracy must be restored in Sierra Leone as a matter of urgency," said Mr. Mugabe, the new OAU chairman.

"We are getting tougher and tougher on coups," said Mr. Mugabe. "Coup-plotters and those who overthrow democratic governments will find it more difficult to get recognition from us. Democracy is getting stronger in Africa and we now have a definite attitude against coups."

The OAU authorized the countries of the Economic Community of West Africa States (ECOWAS) to pursue their campaign against the military action in Sierra Leone.

Events in Sierra Leone may have stolen the thunder from other issues at the OAU summit opening, but Africa's leaders did give a rousing welcome to Congolese President Laurent Désiré Kabila, their newest colleague.

"A long period of despotic rule has been brought to an end with the toppling of the Mobutu regime," said the UN Secretary-General. "We all welcome Laurent Kabila and his commitment to establish constitutional rule and democracy in that country."

Perhaps the most stirring moment of the summit opening was Mr. Annan's call for Africa to maintain the highest standards of human rights (see page 4).

"Human rights are African rights," declared Mr. Annan unequivocally. "I call upon you to ensure that all Africans are able to enjoy them. When we succeed at that Africa will have taken a great step forward."

Economic integration

The second day of the summit was dedicated to the inauguration of the African Economic Community, which aims gradually to become a fully-fledged continent-wide economic union. The heads of state temporarily reconvened as the Community's inaugural summit.

Nigerian Foreign Minister Tom Ikimi said that in this era of rapid globalization, individual African countries with small markets cannot afford to continue to stand on their own. "Africa's economic integration needs to be speeded up," he said. "The European Union, the North American Free Trade Agreement and the Association of South-East Asian Nations are all striding ahead. If Africa wishes to be part of a better world, we must also group together or risk becoming simple markets for these fast-developing groups. If we continue as we are, our future will be as humiliating as our present is distressing."

While some leaders stressed the need for African countries to follow the bitter economic medicine of structural adjustment programmes, President Mugabe criticized the policies of the World Bank and the International Monetary Fund.

He urged African leaders to "resist the recolonization of our countries under the guise of programmes aimed at safeguarding the environment. The entire developing world is facing hostile policies from the World Trade Organization and international financial institutions. It would appear there is a coordinated political agenda by the North which controls these institutions aimed at suppressing the development of developing countries."

When it resumed business as the OAU summit, African leaders reelected Mr. Salim Ahmed Salim of Tanzania to a third term as OAU Secretary-General. Mr. Salim stood unopposed after the only other candidate, Foreign Minister Amara Essy of Côte d'Ivoire, withdrew.

South Africa was a leader at the summit in pressing for passage of a treaty to ban anti-personnel landmines from the entire continent. The treaty calls for a total ban on the manufacture, sale, transport and use of all anti-personnel mines. "We want to see anti-personnel landmines banished from our continent, banished from the entire world," said Mr. Mugabe. ■

Denver summit

from page 1

The summit also implicitly acknowledged that high tariffs and other trade barriers in the industrialized countries impede African efforts to boost export earnings. "Access to our markets is a crucial tool for fostering economic growth in sub-Saharan Africa," the summit participants declared. "We each will continue to improve, through various means, access to our markets for African exports."

Debate over aid

In key respects, the summit's "Partnership for Development" with Africa echoed a US initiative designed to enhance private investment and trade links between Africa and the US (see box below, and next page). Unlike the US initiative, which focuses largely on trade and investment and touches only marginally on aid, the summit communiqué stated: "Substantial flows of official development assistance will continue to play an essential role in building the capacity of sub-Saharan African countries to achieve their sustainable development objectives."

During the summit discussions, several of the European heads of state similarly cited the importance of aid. Mr. Tony Blair, Prime Minister of the UK, announced that over the next three years his government would increase by 50 per cent support for primary education, basic health care and clean water in sub-Saharan Africa.

Several also noted their long-standing aid, investment and trade programmes in Africa. French President Jacques Chirac said he was glad the US government was finally thinking about the continent, while German Chancellor Helmut Kohl said he welcomed "America's discovery of Africa."

At a news conference, in response to a reporter's question about the "one-sided emphasis on trade and investment" in the US initiative, US Treasury Secretary Robert Rubin clarified that "the object was not to in any way reduce aid," but to target it more toward countries undertaking market-oriented reform. Mr. Daniel Tarullo, President Clinton's national economic policy adviser, added that "the formula was trade plus aid plus reform."

High tariffs and other trade barriers in the industrialized countries impede African efforts to boost export earnings.

With insecurity and conflict such serious impediments to development in Africa, the summit participants also applauded the growing efforts in the continent, especially by the Organization of African Unity (OAU), to develop local capacities for conflict prevention, peacekeeping and post-conflict reconciliation and recovery. In support of such efforts, they encouraged the UN Secretary-General, as part of his reform proposals, "to identify ways the international community can further strengthen Africa's initiatives."

Reflecting concern that the summit's agenda might be regarded by some as yet another external imposition on the continent, the summit promised to "deepen the dialogue with African partners, work for greater local ownership of development strategies and encourage the participation of non-governmental actors."

During the summit, however, leaders of the US Congressional Black Caucus, religious groups and other non-governmental Africa advocacy organizations issued a statement criticizing the summit participants for failing to invite any African leaders to be present in Denver. "Policymakers must consult with representatives of African civil society organizations and grassroots movements before deciding how they can most effectively promote economic development," declared Mr. David Beckman, President of Bread for the World, one of the signers of the statement.

Russia to join debt relief efforts

In addition to supporting implementation of the Highly Indebted Poor Countries (HIPC) initiative (see page 14), the Denver summit marked an important opening toward debt relief on developing countries' obligations to Russia.

The G-7 recommended that Russia be admitted to membership in the Paris Club of official bilateral creditors, a move that will need to be approved by the full Paris Club, possibly later this year. As a basis for entry into the Paris Club, Russia has agreed to reduce its claims on developing country debt owed to the former Soviet Union. In 1994, according to official Russian sources, sub-Saharan countries owed Russia $14.3 bn and North African countries owed another $10.7 bn. The UN Conference on Trade and Development suggests that Russian claims on sub-Saharan Africa in 1994 were about $16.8 bn.

The adjustments on Russian claims, combined with prevailing Paris Club debt-relief arrangements, may lead to a reduction of up to 90 per cent in the debt owed to Russia by heavily indebted poor countries in Africa, according to initial estimates. This would mark a particularly important development for Angola, Ethiopia, Guinea, Mali, Mozambique, Somalia, Tanzania and Zambia, which have significant outstanding obligations to Russia. In Ethiopia's case, Russian debt amounts to 58 per cent of total debt, while for Angola it is 44 per cent and for Mozambique, 31 per cent. ■

US backs 'dynamic new Africa'

Just days before leaving Washington for the Denver summit, US President Bill Clinton unveiled his administration's new initiative, "Partnership for Economic Growth and Opportunity in Africa." Pledging to support "a dynamic new Africa" that is joining "the global march toward freedom and open markets," he announced on 18 June a series of measures under discussion with Congress to offer new trade and investment incentives.

These would include increasing the number of categories of African exports eligible for duty-free access to the US market from about 4,000 to 5,800, which could lead to a 50 per cent rise in the value of African exports to the US, Mr. Clinton estimated. In 1996, US purchases from sub-Saharan Africa reached $15.2 bn, 20 per cent higher than the year before. In addition, the plan would use government guarantees through the Overseas Private Investment Corporation to encourage $150 mn in new US private investments in Africa, as well as $500 mn for investment in African infrastructure projects.

The President's initiative incorporates major portions of a Congressional bill which has backing from both parties in the legislature, and which will be finalized toward the end of the year. Unlike the President's proposal, however, the Congressional bill includes a provision to allow quota-free imports of African textiles and apparel, a move that would benefit such African exporters as Mauritius and Kenya, but which is opposed by US clothing and fabric manufacturers. Beyond the discussions between the administration and Congress, the initiative has prompted a wider public debate on US policy toward Africa. The Congressional Black Caucus, American Assembly, US-Africa Trade Policy Working Group and other organizations are pushing for broader action, including in such areas as conflict resolution and increased aid flows.

Africa presses for genuine cooperation

Major meetings agree on need for better external conditions

By **Nii K. Bentsi-Enchill**

Africa's particularly pressing needs and the generally poor state of development cooperation were highlighted at major international conferences held in late June and early July in New York, Denver and Geneva. It was clear that while African efforts to push through policy reforms are widely recognized, many questions remain about the political will of developed countries to match their supportive words with tangible deeds and genuine cooperation.

Against the background of concessional aid to all developing countries reaching its lowest level in 30 years (see graph), the Group of Seven leading industrialized countries (G-7) and Russia recognized the "unusually severe challenges" facing many African countries. At their 20-22 June Summit in Denver, they noted that such flows will remain "essential" for building the capacity of sub-Saharan African countries to achieve sustainable development (see pages 1, 6).

The lack of international support for African efforts was also a priority theme at the 23-27 June Special Session of the UN General Assembly which reviewed implementation of the Agenda 21 programme agreed at the 1992 Earth Summit. Participants at the Special Session – including over 50 heads of state – expressed "deep concern that the overall trends for sustainable development are worse today" than in 1992.

Similar views emerged at the high-level segment of the UN Economic and Social Council (ECOSOC) held in Geneva on 2-4 July. It is "distressing," UN Secretary-General Kofi Annan told the meeting, that many people, mostly in developing countries, "have been excluded from the benefits of globalization." Many African and least developed countries (LDCs) face the risk of further marginalization despite "determined" reform efforts which merit greater international support, he said.

Africa needs market access

Mr. Annan called for higher aid flows and "a comprehensive solution" to developing countries' debt burdens. But above all, he declared, Africa's exports "must be accorded free access to world markets" in order to help the continent outgrow its dependence on primary commodities and aid. He described free market access as a hallmark of the enabling environment that Africa needs and which will only result from improved international cooperation.

Developing countries bear the primary responsibility of creating the conditions for sustainable development. However, Mr. Annan observed, developed countries have "far-reaching" responsibilities to "enhance coordination of their macroeconomic policies, and to ensure greater coherence in their trade, aid and economic policy-making."

"Democratization of international relations" is also important, said Mr. Annan, favouring greater participation by developing countries in the mechanisms governing the global economy, a position shared by General Assembly President Razali Ismail (see box, next page).

Although most speakers deplored the steady fall in official development assistance (ODA), US Ambassador Victor Marrero said his country did not see the logic of targets for ODA, and strongly objected to any notion of international taxation to increase development finance.

In contrast, Norway's Development Cooperation Minister Kari Nordheim-Larsen said the fall in ODA is "unacceptable" since the poorest countries need it to finance basic social services and infrastructure, as well as "capacity-building and competence." The richest countries could not "seek to impose conditions" on developing countries while making the needed financial tools unavailable, she declared.

Earth Summit review 'not a failure'

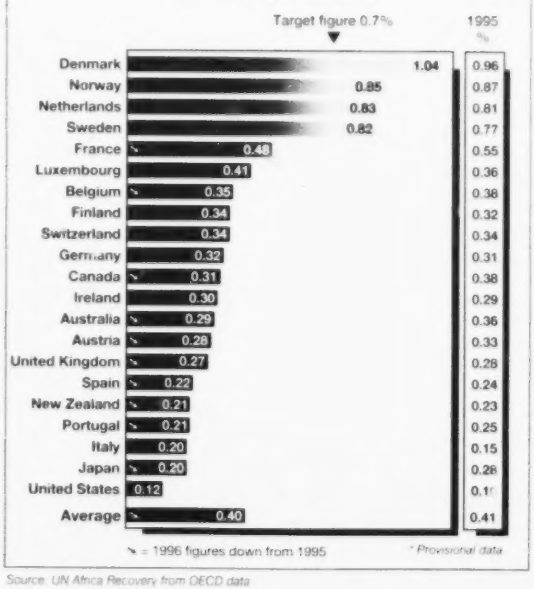
With prominent North-South differences on the financing of sustainable development, the week-long review of the Earth Summit by the UN General Assembly ended with few commitments and widespread disappointment. Various speakers cited converging reasons for poor international cooperation. While Senegal's Environment Minister Abdoulaye Bathily mentioned "national egotism," Ambassador T.W. Wan Chat Kwong of Mauritius blamed a "business as usual" mentality. Another troubling convergence is the fact that "the rich destroy the environment because they are getting richer, and the poor destroy the environment because they are getting poorer," observed Madagascar's Deputy Foreign Affairs Minister Herizo Razafimahaleo.

But development cannot accelerate "if developing countries are paralyzed by their external debt, if development finance is inadequate, if barriers limit their access to markets and if the prices of raw materials and the terms of trade of developing countries remain depressed," said Gabonese Prime Minister Paulin Obame Nguema, citing lessons drawn in Rio.

Pointing to the "ever-deepening cycle of poverty" facing African countries, the current Chairman of the Organization of African Unity, President Robert Mugabe of Zimbabwe, argued that with adequate financial resources, Africa would refrain from killing wild animals for food, cutting down trees for energy, and polluting water resources for lack of appropriate technologies.

The "unsustainable lifestyles and consumption patterns of the rich North continue unabated" and "developed countries have an 'environment debt' to pay," said Mr. Mugabe, urging them to honour their commitments made at Rio and elsewhere to allocate 0.7 per cent of gross national product to developing countries

Official development assistance in 1996 * (% of GNP)



Source: UN Africa Recovery from OECD data

(and 0.15 per cent to LDCs).

This is just one of the agreed and specific targets towards which developing countries have sought practical action from donor countries. Recalling the UNESCO World Solar Summit which Zimbabwe hosted in September 1996, Mr. Mugabe said the participating heads of state and government had adopted the World Solar Programme (1996-2005) which urgently calls for funding of investment and research in affordable and renewable energy, particularly solar energy. He also drew attention to the March 1997 Pan-African Conference of African Ministers of Environment in Ouagadougou which urged the international community to help Africa tackle the most pressing issues.

Speaking for the developing countries' Group of 77 and China, Tanzanian President Benjamin Mkapa noted the "waning spirit of global partnership" despite the acceptance in Rio that "there would be no painless adjustments and solutions" to environmental problems.

The progress achieved, especially by developing countries, is still modest by the standards envisaged in 1992, Mr. Mkapa said. No area deserves more urgent attention than external debt. More debt stock cancellation should occur in the IMF/World Bank's latest initiative, he argued, adding that over-stringent eligibility criteria and distant relief means "the medicine may arrive when the patient is beyond help."

Developing countries need higher net ODA flows in order to implement Agenda 21. The disastrous decline in ODA has led to more environmental degradation that could have easily been prevented through simple poverty reduction measures financed by ODA.

— Benjamin Mkapa
President of the United Republic of Tanzania

UN Photo

Mr. Mkapa thanked Denmark, the Netherlands, Norway and Sweden – the only countries that have reached or surpassed the target of allocating 0.7 per cent of GNP to ODA – hoping they would "be an inspiration to others." ODA from the other 16 leading industrialized nations has in fact fallen from 0.34 per cent of GNP in 1992 to 0.25 per cent in 1996. The Earth Summit reaffirmed the aid target in recognition of the fact that developing countries need higher net ODA flows to implement Agenda 21. The "disastrous decline" has therefore led to more environmental degradation "that could have easily been prevented through simple poverty reduction measures financed by ODA," President Mkapa observed.

Furthermore, "the vast majority of us are taking great political risks to create favourable domestic conditions for local and foreign direct investment to make ODA unnecessary and superfluous in the long run."

ODA is critically needed for investment in refining the regulatory framework, building human and financial capacity, and infrastructure in order to attract foreign direct investment (FDI). In any case, Mr. Mkapa noted, FDI often focuses "on projects that yield quick returns, and not necessarily those compatible with the Rio goals of sustainable development."

Urging donor countries to "redouble their efforts" to help those who lack capacities and resources, President Sir Ketumile Masire of Botswana concluded that "what we all need to do now is translate our words into action." ■

Vested interests block development cooperation – Razali

Development cooperation has come to "a very serious impasse" and the United Nations should not be politically and financially marginalized from the economic issues vital to developing countries, says General Assembly President Razali Ismail of Malaysia. In closing the Assembly's review of the Earth Summit, he said the session's results were "sobering" as they showed the "enormous difficulties of overcoming short-term and vested interests" in order to secure "concrete commitments to specific targets and to global programmes." He said the lessons learned have "balanced out our lofty expectations with the reality of an absence of political will."

UN Photo

General Assembly President Razali Ismail of Malaysia

In a subsequent press conference, he said that "a sense of parochialism" has spread over much of the developed world since 1992, affecting its willingness to provide concessional funds and other resources including technology transfers. Even on the issue of sustainable development, "the darling of the developed world, there are scant resources," he said. "If this favourite topic, and programmes for environmental protection, cannot find financing, what are the prospects for individual countries, especially least developed countries and those economies which contribute little to the growth of world trade," he asked.

Discerning "much ambiguity" during the Special Session about reversing the fall in aid flows, Mr. Razali said there was also a "political veto" against "really looking at innovative financing" to raise new and additional resources.

Developed countries, he said, are less and less inclined to discuss "the hard economic issues" in the UN, preferring to shape the international economic system in the Bretton Woods institutions and World Trade Organization, "and then applying a *fait accompli* through financial coercion on developing countries." Not all such countries are ready for integration into the globalized system but "are being coerced into it prematurely," he said.

Accordingly, Mr. Razali urged the UN to "resist the 'Washington Consensus' After all, the UN was not established to be a rubber stamp to the Bretton Woods institutions or to the World Trade Organization."

He said the UN must "'compete' with the 'Group of Seven/Group of Eight' and such summits [which exclude] the majority of the human race from that club [and] which, together with global corporations and banks, have taken upon themselves to define development and lay down the 'new rules of the game' through institutions that they control."

Notable conclusions of the Special Session include, he said, the reassertion of the central importance of poverty eradication, the need to reverse the decline of ODA and to implement commitments to transfer environmentally sound technologies to developing countries.

The message to the various capitals, to NGOs and to all stakeholders, according to Mr. Razali, is that sustainable development "requires nothing less than action that integrates economic, environmental and social components into decision-making and programmes and the resurgence of true global partnership based on common but differentiated responsibilities."

ECA promotes trade and investment

African 'attitude change' now welcomes private sector

By **Nii K. Bentsi-Enchill**
Addis Ababa

Confronted with the relentless march of global competition, Africa must intensify its economic reforms, boost domestic savings and investment, and expand foreign trade. Local and foreign investors should also take advantage of opportunities created by the improved policy environment, declared African ministers responsible for economic and social development and planning at a 5-8 May conference held in Addis Ababa, Ethiopia, by the UN Economic Commission for Africa (ECA).

Strong partnerships between the public and private sectors are vital in expanding trade and stimulating private investment, said UN Secretary-General Kofi Annan in a message to the conference read by ECA Executive Secretary K.Y. Amoako. Touching on the conference theme – "Accelerating trade and investment in Africa" – Mr. Annan said that increasing collaboration with the private sector is an important means to enhance the impact of the UN on development.

Africa is at a crossroads, he added, pointing to the persistence of conflict on one hand, and on the other, to the economic reforms and strong growth, the dynamism of its private sector and civil society and the consolidation of democratic rule. The UN will stand steadfastly behind Africa through its peace-building and humanitarian programmes, as well as through economic analyses, technical assistance and regional cooperation, he said.

The conference chairman, Ugandan Economic Development and Planning Minister Richard Kaijuka (left), with ECA Executive Secretary K.Y. Amoako.

Opening the conference, Ethiopia's Deputy Prime Minister Kassu Ilala noted positive developments in the continent and warned against complacency. So immense are Africa's challenges, he said, that countries must strive to reverse their economic marginalization. He singled out the debt overhang as the paramount challenge and urged African governments to continue pressing, individually and collectively, for swifter and more effective means of reducing the debt-servicing and debt stock burdens.

There has been a "distinct attitude change" in Africa which allows investors and entrepreneurs to flourish and "embraces rather than shuns" business and private sector development, Mr. Amoako declared. But such promising trends must be sustained through perseverance and commitment, and "any credible strategy" to accelerate development must have trade and investment promotion as key elements, he added.

Africa needs 8-10 per cent growth to make a "significant dent" in poverty, said Mr. Tom Allen of the World Bank's Africa Private Sector Finance Department. But in stressing the importance of the pattern and distribution of growth, Dr. Ali Ali, the ECA's new Director of Economic and Social Development, observed that in 17 sub-Saharan countries, nearly 53 per cent of the population live under the poverty line – in three countries, the figure is over 60 per cent – and only in two sub-Saharan countries do less than 40 per cent of the population live below the poverty line.

The recommended growth rates, Mr. Allen added, require much higher investment rates and a private sector acting as the driving force. Underlying conditions include social and macro-economic stability, functioning markets, as well as "robust" and effective institutions, he continued. He said the Bank would provide direct help to the private sector through project finance and encourage a stronger partnership between the public and private sectors in order to accelerate trade and investment.

Another major challenge for Africa is to reverse its shrinking market share in traditional commodities, said Dr. J.C. Saigal of the UN Conference on Trade and Development (UNCTAD). African Development Bank Vice-President Ferhat Lounes explained that Africa has lost market share to Asia in cocoa, coffee and timber, to Latin America in iron ore, and to other regions also in cotton, rubber and copper. Most striking, he said, was the fall in Africa's share of cocoa exports from 80 per cent in 1970 to some 67 per cent in the mid-1990s.

Noting that 39 of 47 sub-Saharan countries depend on two primary commodities for over

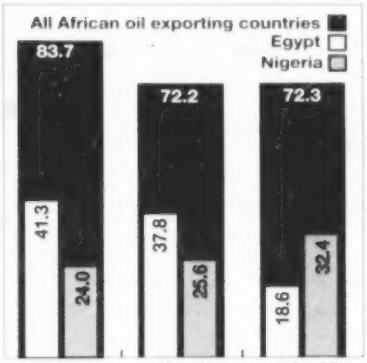
ECA to strengthen subregional presence

Transformation is under way for the operational arms of the Economic Commission for Africa (ECA) at country and subregional levels. The old Multinational Programming and Operational Centres (MULPOCs) are now called Sub-Regional Development Centres (SRDCs), armed with a new mandate by Africa's ministers of economic and social development and planning. The SRDCs will facilitate subregional economic cooperation, integration and development, and also help UN system organizations integrate their development activities.

To improve the quality and immediacy of its support to African countries and their subregional bodies, the ECA aims to deploy 25 per cent of its professional staff in the SRDCs – up from just 9 per cent – and allocate up to 40 per cent of its financial resources. In line with the Commission's strategic directions, the SRDCs will also coordinate policy dialogue among the countries, convening meetings to share experiences and plans on development issues and practices.

Five SRDCs will provide advisory services to Africa's 53 countries. The centre in Tangiers, Morocco, serves seven North African countries; Niamey, Niger, serves 15 in West Africa; Yaoundé, Cameroon, serves seven in Central Africa; Lusaka, Zambia, serves 11 in Southern Africa; and Kigali, Rwanda, serves 13 countries of Eastern Africa and the Indian Ocean islands.

Oil exporters' share of FDI inflows to Africa (%)



Source: UN Africa Recovery from UNCTAD, World Investment Directory Vol V, Africa, 1996

50 per cent of export revenue. Mr. Lounes said the alarming fact is that since 1970, market share of such products has fallen by an average 70 per cent. He drew the lesson that the post-Uruguay world offers far greater opportunities for processed goods than for primary products.

Africa must therefore promote diversification, said Dr. Saigal, not only to increase competitiveness in traditional exports but also to move away from them. Besides pursuing policy stability, higher overall productivity and lower transaction costs, he said African countries must stimulate the services sector, modernize ports and communications, and connect to the information highway. It would be no surprise if the lack of information becomes a non-tariff barrier, he added.

The continent also needs stronger participation in multilateral negotiations and discussions, he said, noting that some sub-Saharan countries are still not members of the World Trade Organization (WTO). Admittedly, proper entry requires negotiating skills and Africa, he said, must build negotiating capacity to identify where its interests lie in the face of further trade liberalization and issues – such as new investment rules – coming before the WTO. Here, he cited UNCTAD's work in helping developing countries in commercial diplomacy. Dr Saigal also urged African countries to prepare well for the October conference on least developed countries (LDCs). The ECA is to help coordinate the African contingent (33 of the world's 48 LDCs).

Calling for a "revitalization" of regional and subregional economic integration, Dr Saigal recommended shifting from a narrow trade focus to a production-based focus on integration, a view supported by Mr. Lounes who said Africa needs to promote regionally based projects that go beyond the orthodox approach of integration through trade liberalization.

Reactions from the floor

Many African economies are too weak to benefit from globalization, said the South African delegate, adding that structural adjustment programmes had forced countries to deregulate without adequate human and institutional capacity. He recalled the warning by the Southern African Development Community that Africa has little to gain from proposed new multilateral investment rules, despite the pressure from the US and the European Union to adopt them.

The Libyan delegate said some of the main speakers had an idealistic and impractical approach to trade liberalization. "Will the big powers allow fair and equitable competition?" Libya asked rhetorically, noting that several countries are "already under pressure" from these world powers. Growth, while necessary, is not equivalent to development and the post-Uruguay projections of African agriculture are very optimistic, the delegate said. But in view of Africa's dependence on rainfall and the widespread illiteracy among its producers, Africa needs more development than growth.

Several speakers, including those from Mali and Zambia, said deeper debt reduction would spur development, and backed the retention of trade preferences. Tunisia noted that several countries are unable to raise resources for investment in infrastructure at a time of demand for higher production and competitiveness. It recommended faster agricultural development and better partnerships within Africa, adding that 30 years of economic controls will not disappear overnight.

Among the key areas for enhanced external support, Nigeria drew attention to debt and poverty reduction, elements which the World Bank had omitted in its presentation. It was ironic, the delegate said, that Nigeria, the world's premier palm oil exporter in 1960, had given seedlings in the 1960s to Malaysia, the world's current top exporter.

Accelerating Africa's participation in the information age was the theme of a one-day

Ministers pledge to make Africa more competitive

African countries must themselves devise and implement strategies to accelerate trade and investment, declared African ministers responsible for economic and social development and planning at their 4-8 May conference in Addis Ababa. They said that besides promoting a positive image of Africa as a safe business and investment location, the cost of setting up and doing business must also be reduced. Along with peace and stability, African countries also need a better regulatory framework and more capable institutions. Production must be modernized, expanded and diversified, the ministers added, in order to make the continent more competitive in world trade.

While committing themselves to "strive for genuine regional integration," the ministers noted that a public-private partnership is necessary for financing the extension and modernization of infrastructure on a national and regional basis.

Poverty is Africa's "most serious problem," the conference declaration said, but could be reduced and eventually eradicated by high and sustained economic growth that is broad-based and job-creating. This would in turn require high levels of investment and savings, as well as increased production and efficiency in resource use. The ministers invited transnational corporations (TNCs) to channel more capital into Africa "while respecting our countries' business principles," assuring TNCs of the considerable dividends they would reap.

Despite Africa's reform efforts and the acknowledged role of development aid in creating the conditions for both local and foreign investment, the long-term declining trend of such aid is an aspect of Africa's marginalization, the declaration said. The ministers urged bilateral partners to provide direct financial support, "on concessional terms at increased levels" and indirect support through tax incentives to their national investors participating in infrastructure development in Africa.

Identifying external debt as a continuing drain on productive resources, the ministers said the latest debt initiative of the International Monetary Fund and World Bank is a "first step in the right direction." They called for its reinforcement by further measures to substantially reduce the bilateral and multilateral debt stock and debt service of all African countries.

The continent's efforts to expand trade in the post-Uruguay world have been "frustrated by deteriorating terms of trade and continuing protectionist practices" by Africa's trading partners, particularly affecting agricultural products, textiles and clothing exports, the ministers declared.

sympostum during the conference, with a focus on increasing public-private cooperation in the information sector.

Building an information society

Such participation, said Mr. Amoako, is "inextricably linked with extending trade and investment." Just as in the past, local and foreign investors hesitated to invest in countries without roads, investors now "hesitate to invest in countries without adequate information and communications services," Mr. Amoako stated. It is crucial, added Dr. Karima Bounemra Ben Soltane, Director of ECA Development Information Services Division, for every country to decide clearly what its specific information and development needs are.

The main organizer of the event, telecast live across Africa, was the Global Information Infrastructure Commission (GIIC). One of its Commissioners is Mr. Koos Bekker, president of MultiChoice Investment Holdings Ltd., with headquarters in South Africa. He told delegates that the GIIC, set up in 1995 and composed of 40 chief executives of mainly transnational information technology companies, has a primary aim of connecting the private sector and governments and increasing the private sector role in building the information society. Mr. Bekker was certain that the most important industry in Africa and in the world by the year 2020 will be the broad field of information and communications, including all networks, media, computers and software.

The keynote speaker, Dr. Ernest Wilson, Director of the Centre for International Development and Conflict Resolution at the University of Maryland, asked delegates what each of their ministries could do to leverage the resources and power that they have to bring more information and communications technologies and services into the service of their own countries.

Greater coherence in national information society policy is clearly needed, said Mrs. Christina Kissiedu, head of the University of Ghana's Balme Library, noting the setting up of a Ghana National Internet Connectivity Committee and other initial steps to develop a national information society policy in Ghana. The university is the national host for an electronic mail provider with a site in her library, enabling some 300 clients – university dons, research institutions, NGOs, private sector organizations, individuals and government organizations in most of Ghana's regions – to discuss informational and other problems and to help one another with difficulties in all aspects of electronic transfer of information, including equal gender access. ■

Africa still missing out on FDI

Despite great efforts by African countries to attract foreign direct investment (FDI), the continent continues to receive very little of FDI flows to developing countries, says the *World Investment Directory, Volume V, Africa, 1996*, published recently by the UN Conference on Trade and Development (UNCTAD). And Africa's meagre investment inflows were overwhelmingly concentrated in 1991-95 in eight countries, evenly divided between North and sub-Saharan Africa (Egypt, Libya, Morocco, Tunisia; Angola, Ghana, Nigeria, South Africa). Nigeria was the biggest recipient, followed by Egypt, Morocco, Angola and South Africa.

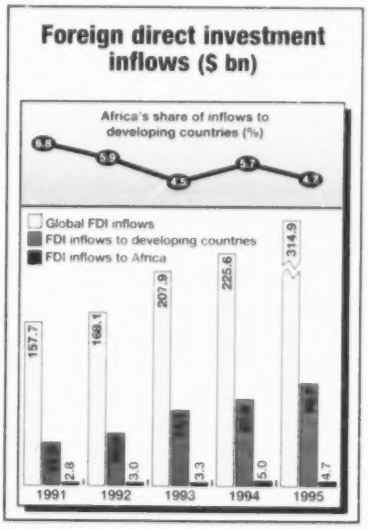
Among these countries, Angola, Egypt, Libya, Nigeria and Tunisia are oil exporters, and Angola is also a least developed country (LDC). The eight got 92 per cent of Africa's total FDI inflows in 1991-95. Angola alone received 72 per cent of FDI flows to Africa's 33 LDCs, which all together received only 14 per cent of the total.

According to the report, the continent's nine oil exporters – the others are Algeria, Congo, Cameroon and Gabon – usually get the lion's share of FDI inflows, but this share has declined since the early 1980s: 84 per cent in 1981-85, and 73 per cent from 1985 to 1995. The two biggest oil exporters, Egypt and Nigeria, alone accounted for 65 per cent of total inflows during the 1980s but their share dropped to 51 per cent in 1991-95.

One reason why so little FDI flows to Africa, according to UNCTAD, is the high concentration of LDCs in the region (33 of the world's 48), with the attendant investment deterrents such as small markets, poor infrastructure, unskilled labour and high levels of external debt.

Another major reason is the negative international perception of the continent, says Mr. Georg Kell of the UNCTAD office in New York. African countries have adopted numerous measures to facilitate foreign investment, ranging from tax and duty concessions, liberalized currency markets and guaranteed repatriation of capital and profits. They have also concluded numerous multilateral and bilateral investment treaties – some 260 bilateral treaties by 1996 – most of them with developed countries. Yet investors hesitate to put their money in the continent, despite relatively higher rates of returns, since their perception of the region is heavily influenced by media coverage dominated by news of crises and conflicts in a few troubled spots. Mr. Kell hopes this report will help dispel the negative perception of the investment climate in Africa and that it will also be a useful tool for both investors and government policy makers.

Although UNCTAD finds the low levels of investment a cause for concern, it nevertheless points to some "signs of vitality," including growing investor interest in the secondary and tertiary sectors. Moreover, given the small size of most African economies, even small FDI inflows can have a significant impact.



Source: UN Africa Recovery from UNCTAD, World Investment Directory, Vol V: Africa, 1996

The industrialized countries, especially those of Western Europe, are the primary sources of Africa's FDI inflows, the report says. Of these, France and the United Kingdom, with their colonial ties to the continent, are particularly significant, accounting for 75 per cent of flows from industrialized countries in 1991-93. Investment from the US amounted to about 20 per cent of combined flows from the UK and France in the same period, while Japan actually registered a negative average figure.

Other sources of FDI inflows to the continent include African countries themselves – a significant development. The African firms are based mainly in South Africa and Nigeria, as well as in the Maghreb countries.

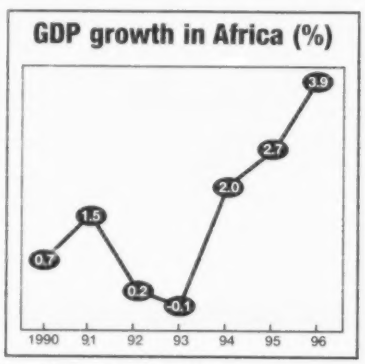
— Frehiwot Bekele

Africa records stronger growth

Good weather and higher export prices spur economic recovery, reports the ECA

Last year Africa's economies grew by an average of 3.9 per cent, by far the highest during the decade. According to the UN Economic Commission for Africa (ECA), the continent's gross domestic product (GDP) is projected to grow by an even stronger 4.2 per cent this year, if weather and international market conditions remain favourable. The growth rate for 1996 compares well with the 2.7 per cent recorded in 1995, and exceeds by a wide margin the annual average of 0.9 per cent over 1990-94. Eleven African countries saw their GDPs grow by 6 per cent or more in 1996. Only two had negative growth rates, compared with six in 1995 and an annual average of 16 over 1990-94.

Noting that the rest of the world economy has experienced faster and more sustained growth, the ECA cautions in its *Report on the Economic and Social Situation in Africa, 1997*, that Africa's relatively good performance in 1995 and 1996 "must be seen only as emerging indicators of Africa's economic recovery and improved potential rather than evidence of a sustained and accelerated growth." Moreover, despite the strong economic rebound, there has been a "continued deterioration in the quality of life of the average African," with almost two-thirds of the continent's population subsisting at or below the absolute poverty line.



Source: UN Africa Recovery from ECA data

The ECA attributes Africa's relatively improved economic performance in 1996 in part to continued implementation of economic reform programmes and market-based policies. But it also cites stronger external export markets, improvements in the terms of trade and generally favourable weather conditions – all of which lie beyond Africa's direct control and can shift unexpectedly.

Uneven export prices

Overall, the continent's export receipts increased by 8.7 per cent in 1996, spurred by a 4 per cent rise in output volume and a 4.7 per cent increase in world market prices for its commodities. The rise in commodity prices also translated into a 4.6 per cent improvement in Africa's terms of trade.

But these averages hide a marked dichotomy between those African countries that export oil and those that do not. "Almost the entire benefits of higher export earnings in 1996 accrued to the oil-exporting countries," notes the ECA. Their export receipts increased by 23.3 per cent and their terms of trade improved by 18.9 per cent. However, non-oil exporting countries experienced a 5 per cent *decline* in export earnings.

Despite higher growth, there has been a "continued deterioration in the quality of life of the average African," argues the ECA.

The vulnerability of most African economies to such uncertain international prices is exacerbated by their extreme dependence on the export of just one or two primary commodities, a "stranglehold of over-concentration," as the ECA puts it. "As primary commodity prices decline and new opportunities and challenges unfold in the context of the Uruguay Round agreement," argues the ECA, "the real focus of attention on the part of African countries must be product and market diversification, externally and internally. Only by so doing will Africa assure itself of a bigger share in international trade." Africa's share of world trade, which stood at 5 per cent in 1980, is currently less than 2 per cent.

Agriculture-led recovery

Value-added in the agricultural sector rose by 5.2 per cent in 1996, reports the ECA. This was not only the highest since the beginning of the decade, but also a major factor behind the strong economic recovery in Africa. According to the UN Food and Agriculture Organization's index of agricultural production, there was an increase of 1.9 per cent in output per capita.

Food production, in particular, demonstrated an impressive recovery, thanks largely to the favourable weather that prevailed in virtually all parts of the continent, including the Maghreb and Southern Africa, which experienced severe droughts during the first half of the decade. Preliminary projections estimate Africa's overall food deficit at 10.5 mn tonnes, a significant improvement over the deficit of 20 mn tonnes in 1995. However, this level is still worrisome, notes the ECA, given the potential threat of sharp food price increases to Africa's trade balance.

In manufacturing, however, the growth rate in value-added fell from 4.6 per cent in 1995 to 2.5 per cent in 1996, due to sagging domestic demand, growing competition from cheap imports and the rising costs of productive imports. However, manufacturing value-added in both East Africa and North Africa grew significantly faster than for the continent as a whole, by 5.3 per cent and 4.2 per cent, respectively, thanks to both strong domestic demand and inflows of foreign investment.

In mining, value-added rose spectacularly, from -0.2 per cent in 1995 to 6.6 per cent in 1996. The main impetus was the increase in world market prices for iron ore, phosphates and crude oil, although oil production also rose significantly, from 353 mn tonnes in 1995 to 369 mn tonnes in 1996, reflecting expansion in new fields in Algeria, Angola, the Republic of Congo and Nigeria.

Concluding its review of Africa's economic performance last year, the ECA noted that for the continent as a whole, the rate of investment to GDP was estimated at 21.3 per cent, while the domestic savings ratio was 19.6 per cent, although for sub-Saharan Africa these ratios fell to 16 per cent and 13.3 per cent respectively. "By all standards, the volume of savings and investment are considerably below the levels needed to attain and sustain a rate of growth that would have any appreciable or significant impact on the economies of the region," the ECA concludes. Given the constraints on external financing that Africa is currently facing, the ECA argues strongly that African governments must not only take steps to mobilize domestic financial resources and maximize their own savings, but also should encourage the private sector to reinvest its savings within the continent. ■

Debtors queue up after Uganda's deal

Creditors change HIPC debt relief guidelines and raise some hope for more countries

By **Christina Katsouris**

After agreeing on a debt reduction package for Uganda in April, the first under the Highly Indebted Poor Countries (HIPC) initiative, creditors swiftly approved a change in HIPC guidelines, paving the way for more countries to receive relief.

The changes will widen the HIPC eligibility criteria to include a limited group of countries "with open economies" facing strong fiscal impediments to servicing debt. While Côte d'Ivoire will be the first to benefit from the change, with a decision expected in mid-summer, and completion three years later, hopes have also been raised for the Republic of Congo over the longer term.

Côte d'Ivoire getting HIPC deal, but not Nigeria, another major debtor. Ivorian Finance Minister N'Goran Niamien (left) and Nigerian Finance Minister Chief Anthony Ani at April 1997 IMF/World Bank meeting that approved Uganda's deal.

The original criteria judged a country's debt service capacity primarily in terms of export earnings and other inflows. This works well for countries like Uganda, which faced a debt to export ratio of 250 per cent in 1996, but discriminated against those whose external ratios appeared more easy to resolve, but which faced strong domestic constraints on debt service.

Since a large part of public and publicly guaranteed debt is serviced by the government, fiscal constraints play an important role, a World Bank discussion document argued in April. At the same time, "A country's ability to service external debt is a function of its overall income, and its level of income per capita," the Bank noted.

The document went on to point out that in previous bilateral debt rescheduling agreements, the "Paris Club has always rescheduled on the basis of fiscal need" for countries of the CFA franc zone.

The World Bank/IMF's preliminary HIPC document for Côte d'Ivoire reveals a rather different mix of constraints than the norm in sub-Saharan Africa. First it owes an unusually large amount, $6.8 bn, to commercial creditors. Second, Côte d'Ivoire's private sector – one of the largest in the region – owes $2.6 bn to international creditors. Although the latter debt is not guaranteed by the government, Bank analysts argue that it needs to be factored in as a salient feature of the country's debt burden.

In 1996, Côte d'Ivoire's total external debt (including private debt) was $18.5 bn in net present value (NPV) terms and a hefty 446 per cent of average export earnings during the previous three years.

Worse, the NPV of public and publicly guaranteed debt was 148 per cent of GDP – more than double the median 73 per cent for the Bank's reference group of HIPC countries. This ratio – which is more than four times higher than Uganda's – was exceeded only by the Republic of Congo and Guinea-Bissau, which had ratios above 250 per cent.

The fiscal ratios show that Côte d'Ivoire's external debt service accounted for 38 per cent of total expenditures in 1995, more than twice as high as the group median. And its 46 per cent ratio of debt service to government revenue was also higher than the median rate of 33 per cent.

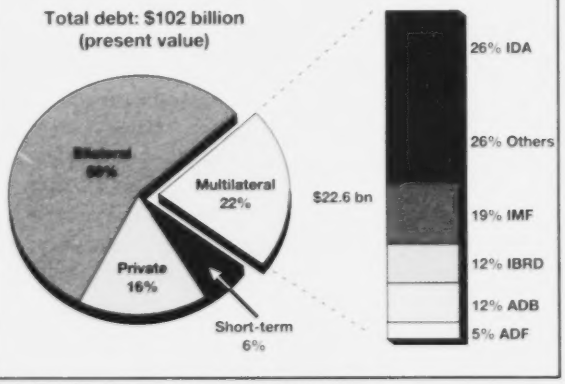
Under the original guidelines, creditors would have downplayed the fiscal strains, and told Côte d'Ivoire to settle for a Naples stock of debt reduction from the Paris Club. According to a World Bank/IMF staff paper, a Naples deal would reduce the NPV public and publicly guaranteed debt-to-export ratio to 156 per cent and the debt service-to-exports ratio to 14.5 per cent – both previously considered sustainable.

However, if private debt is taken into account, the post-Naples scenario would include a total external debt-to-exports ratio of 232 per cent, and a total debt service-to-exports ratio of 26 per cent, the document shows.

The post-Naples scenario would also leave an unsustainable fiscal burden, with the government directing 30 per cent of revenues to debt service in 1999. While some argue there is a moral hazard in stressing the fiscal indicators – by providing a potential incentive to slacken revenue collection so as to emphasize the fiscal burden relative to debt – this is not the case in Côte d'Ivoire.

At 22 per cent of GDP in 1996, the country's

Structure of indebtedness for 20 HIPCs "possibly stressed" or with "unsustainable" debt



Source: World Bank, Debtor Reporting System, end-1995 data

revenue performance "is strong relative to other HIPC candidates, and thus there is limited scope for improving the ratio by increasing the tax burden," the document says.

And while the Bank/IMF's sensitivity analysis shows relatively low vulnerability on key indicators like export variability, Côte d'Ivoire's debt servicing capacity could well be affected by fluctuations in private capital inflows.

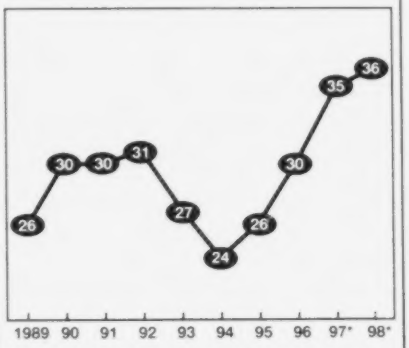
African finance officials and debt lobbyists such as the European Network on Debt and Development (Eurodad) have welcomed the more flexible guidelines, but argue that new stipulations introduced at the same time could limit the number of new beneficiaries to less than a handful of countries with large export sectors and strong fiscal performance.

The new guidelines stipulate that eligible countries must have a debt-to-fiscal revenue ratio of 280 per cent, and export earnings equivalent to around 40 per cent of GDP, and a revenue-to-GDP ratio above 20 per cent.

The Bank's discussion document on the guidelines does indicate which HIPCs might qualify under the wider criteria, assuming all other conditions were met. It sets out a list of 24 African countries and key debt ratios projecting a post-Naples scenario. Among these, 14 countries have NPV debt-to-export ratios above 200 per cent, and 15 countries have debt-to-revenue ratios above 280 per cent. But only three – Côte d'Ivoire, the Republic of Congo and Mauritania – have revenue-to-GDP ratios above 20 per cent. And since Mauritania has a debt-to-export ratio of 242 per cent, this suggests that on initial calculations, the only likely beneficiaries of the new guidelines may be the Republic of Congo and Côte d'Ivoire.

However, further research, including sensitivity analyses – which project how changes in income or outlays in particular commodities or flows can affect debt service capacity – could admit a few more candidates. For example, Bank and IMF staff are looking closely at Benin, which has a high NPV of debt-to-revenue ratio of 289 per cent, but also has a relatively low debt-to-export ratio of 172 per cent, and a revenue-to-GDP ratio of 15 per cent. ■

Africa's debt service payments[1] ($ bn)



[1] Debt service payments refer to actual payments of interest on total debt plus actual amortization payments on long-term debt. The projections incorporate the impact of exceptional financing items.
* Projections.

Source: UN Africa Recovery from IMF, World Economic Outlook, 1997

Uganda gains improved debt-relief terms

The new HIPC debt package sets Uganda's debt sustainability target at a net present value (NPV) of debt-to-exports ratio of 202 per cent, a considerably more manageable proposition than the 250 per cent ratio Uganda faced after the Paris Club reduced its debt stock in 1995.

Creditors set the target at the lower end of the HIPC guideline range of 200-250 per cent because Uganda's narrow export base, and extreme vulnerability to fluctuations in commodity prices, limit its ability to cope with higher ratios.

The lower target will translate into a debt reduction of $240 mn in net present value terms to $1.45 bn when the deal becomes effective next April. This amounts to a 20 per cent reduction on NPV debt stocks of $1.8 bn. The IMF estimates that the relief package would lower the nominal value of Uganda's debt from $3.5 bn to $2.8 bn.

While full details on each creditor's contribution are not available, the IMF will provide assistance worth $70 mn, equivalent to around 19 per cent of Uganda's NPV debt to the Fund. The World Bank estimates its contribution to Ugandan debt reduction at $160 mn in NPV terms. The Paris Club is expected to reduce Uganda's debt stock by a further 13 per cent, thereby topping up the 67 per cent reduction agreed in the 1995 Naples terms to a full 80 per cent reduction of eligible debt.

Most creditors have yet to announce the mechanisms they will use to deliver the relief. The IMF says it will pay grants into an escrow account next April, which Uganda will use to service debt to the IMF as it falls due. The World Bank's soft-loan arm, the International Development Association, will cancel some debt, and the HIPC Trust Fund will engage in debt buy-backs. Paris Club creditors will choose between up-front debt reduction and longer term debt-service reduction.

Debt lobbyists say the IMF should simply write off Uganda's debt at the completion point in 1998, instead of stretching the process out. A lower debt total and improved risk profile would enhance Uganda's foreign investment prospects, they argue, because investors would perceive less risk of currency shortages for imports and dividend remittances.

Bank/Fund officials say the debt lobbyists are exaggerating the importance of debt totals in investors' perceptions, which are influenced by a whole range of factors. Moreover, the dedicated escrow account signals sufficient hard currency resources to meet the IMF's portion of the debt. The IMF's arrangement also carries a key advantage, according to one analyst. The $70 mn grant money will earn Uganda interest in the escrow account. While this interest is factored into the IMF's contribution to reducing Uganda's $90 mn in nominal terms, Uganda could still invest the interest earned prior to repayments at a profit.

HIPCs: indicators of external debt burden

Sample Countries	Debt service ratio[1] (%)	Share in total exports: Main product	(%)	Main three products (%)	Public sector external debt service[2] payable as a per cent of:[3] Government revenue[4]	Government expenditure
Burkina Faso	15.8	cotton	38.7	54.7	17.9	10.3
Côte d'Ivoire	23.1	cocoa	30.6	48.7	45.8	38.2
Ethiopia	32.2	coffee	36.8	46.5	25.8	17.5
Guinea-Bissau	128.6	cashew	56.3	64.0	145.8	60.6
Mali	14.2	cotton	46.3	75.9	22.0	12.7
Mozambique	22.7	prawns	17.8	24.9	41.2	19.3
São Tomé/Prin.	24.4	cocoa	50.2	n.a.	n.a.	n.a.
Uganda	27.5	coffee	66.4	72.3	28.6	15.7

All figures are for 1995

[1] Excluding workers' remittances.
[2] Central government. Burkina Faso and Mali government refers to central government only.
[3] After assumed debt rescheduling or relief, including Paris Club stock-of-debt operation on Naples terms, where applicable.
[4] Excluding grants.

Source: UN Africa Recovery from IMF, Debt Relief for Low-Income Countries, Pamphlet #51, The HIPC Initiative

UN reforms

from page 1

security, economic and social affairs, development cooperation, humanitarian affairs and human rights.

Enhancing development support

An immediate consequence of the reforms will be the availability of new resources for development. Savings accrued from trimming UN administrative costs will be placed in a development account for economic and social activities. The Secretary-General has projected this "Development Dividend" will reach a level of at least $200 mn by the year 2002, and has recommended that a "downpayment" be made in January 1998 from savings achieved from the current biennium's budget.

Africa will also benefit from strengthening the UN's development operations at headquarters and in the field. The UN has long weathered criticisms of overlapping activities and inefficient use of resources, given the multiplicity of its programmes and funds which deal with various aspects of development. To address some of these concerns, the Secretary-General has proposed the formation of a United Nations Development Group, comprised of the UN Development Programme (UNDP), the UN Children's Fund (UNICEF) and the UN Population Fund (UNFPA), and led by a new Executive Committee chaired by the Administrator of UNDP. This new framework for cooperation will allow programmes and funds "to pool their efforts to have greater impact...[and] also save some money," the Secretary-General said.

At the field level, to enhance coordination, UN programmes of assistance will be formulated and presented as part of a single UN Development Assistance Framework with a common objective and time-frame. In addition, all UN entities in the field will function under "one flag" in common premises, to be named "UN House," under the authority of the Resident Coordinator — usually the UNDP Resident Representative. The UN office in South Africa was the first to be designated as such.

If the UN's operations in the field are better structured, said the Secretary-General, the UN should be able to raise additional funds for development.

The Secretary-General told a press conference following his speech that multilateral agencies and governments had expressed an interest in channeling their funds through the UN if its country-level operations were better structured. Once this is achieved, he stated, "we should be able to raise additional money from multilateral and bilateral sources for economic and social development."

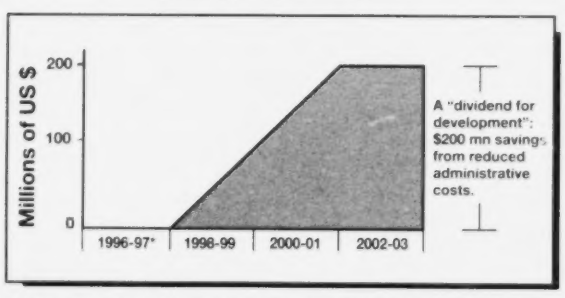
Acknowledging that in an era of diminishing official development assistance (ODA) and limited mobility of private capital, the question of mobilizing financial resources for development is key, Mr. Annan announced the establishment of an Office of Development Financing, which will explore innovative mechanisms for raising development resources. These might include creating non-profit entities to permit the UN Development Group to receive tax-deductible contributions from individuals and corporations and utilizing private capital markets. The Secretary-General's report recommends that a new system of core resources for development be established as well, consisting of voluntary contributions and negotiated pledges in multi-year rather than single-year tranches.

In recognition of the fact that there is an expansion in both the priorities and number of organizations involved in development assistance, closer cooperation is to be sought with the World Bank, the International Monetary Fund and regional development banks. The aim is to foster a more constructive partnership among organizations with sometimes overlapping mandates, and to better focus the UN's role in development.

The reforms also aim to consolidate economic and social affairs within the Secretariat with a view to improving its policy functions. The new Department of Economic and Social Affairs, created out of three Secretariat departments, will participate with the UN Conference on Trade and Development (UNCTAD) and the UN Environment Programme (UNEP) in the

Reallocating UN resources

Development account

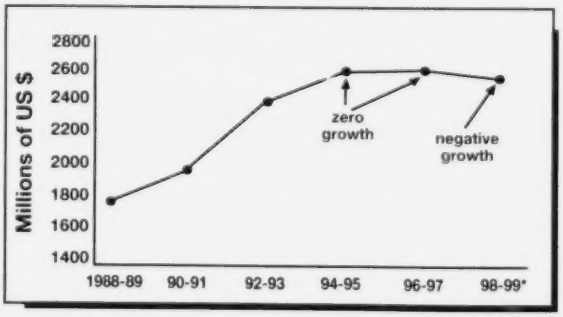


* Any savings from the 1996-97 regular budget are proposed as a "down payment" to establish the account

A dividend for development...

Source: Renewing the United Nations: A Programme for Reform, July 1997

Regular budget levels



...from lower costs

Source: Renewing the United Nations: A Programme for Reform, July 1997

Executive Committee on Economic and Social Affairs. This will permit the UN to address in a coherent way two key dimensions of development – the environment and the trade/investment/technology nexus. Particular attention also will be given to reinforcing work related to South-South cooperation and support to Africa and the least developed countries and small island developing countries. An Economic and Social Council secretariat will also be established in the new department.

UNICEF water project in Niger. Under the reform, resources will be reallocated from administration to development.

Developing countries also will benefit from a reorientation of the UN's public information activities, announced on 17 March in the first phase of reforms. A proportion of information resources will be reallocated to UN offices in the developing world, and emphasis will be placed on the delivery of communications and outreach services to member states, the media and non-governmental organizations.

An implementation plan is under way for the recommendations of the Secretary-General's Task Force on Public Information, which urge that the communications functions of the UN be placed at the heart of the strategic management of the organization so as to improve its ability to communicate its message effectively.

The social agenda

Another group of reforms will be of direct benefit to Africa in the social arena as it strives to overcome the debilitating impact of armed conflict. While peacekeeping will remain an "indispensable instrument" of the UN and efforts are ongoing to strengthen its effectiveness, the UN will put more emphasis in the future on both preventive diplomacy and post-conflict peace-building. Efforts will be made to improve a global watch to detect potential threats to international peace and security. Consultations are also under way with member states to explore ways of funding the nucleus of a rapidly deployable mission headquarters to prevent intensifications of armed conflict.

The reforms will be of direct benefit to Africa as it strives to overcome the debilitating impact of armed conflict.

Post-conflict peace-building will also be enhanced. This can involve a range of activities such as creation of national institutions; election monitoring; the promotion of human rights; provision of reintegration and rehabilitation programmes; and the creation of conditions for resumed development. The Department of Political Affairs has been designated as the focal point to ensure that UN efforts in countries emerging from crises are fully integrated and reflect the mission objectives set by the Security Council.

In Central Africa, the unchecked flows of conventional weapons have posed a serious threat to peace. To develop strategies and policies to prevent the spread of such weapons, the UN Centre for Disarmament Affairs will be reconstituted as the Department for Disarmament and Arms Regulation under the leadership of an under-secretary-general. And recognizing that in the midst of civil strife, there are frequently humanitarian emergencies and that humanitarian actions extend beyond the provision of relief, the Secretary-General's report calls for a major restructuring of the Secretariat machinery responsible for coordinating humanitarian assistance. The Department of Humanitarian Affairs is to be replaced by an office of the Emergency Relief Coordinator and a steering committee will strengthen inter-agency and field-level coordination and resource mobilization.

Human rights are "integral to the promotion of peace and security, economic prosperity and social equity," says the Secretary-General's report. The UN's human rights programme is to be enhanced and fully integrated into the organization's activities. The Office of the High Commissioner for Human Rights and the Centre for Human Rights will be consolidated into a single Office of the High Commissioner, which will lead the UN's human rights work.

Resolving the financial crisis

Acknowledging that the UN is "not working as it should," and has been "slow to reflect changes in geopolitical realities," Mr. Annan stressed that "an effective and efficient" organization which is "focused, coherent, responsive and cost-effective" is more needed than ever.

While some agency heads have expressed fears of a loss of autonomy by the consolidation or reorganization of some programmes and activities, Mr. Annan emphasized that each UN agency and fund will retain its individuality while working as a team, but not a rowing team, "where you all have to do the same thing." He told journalists, "I'm talking of a team like soccer," where there is "room for individual brilliance, individual expression and for entities to do what they do best."

He also stressed that instead of being evaluated by "the cuts we propose or by the structures we change," the UN rather should be judged "by the relief and refuge that we provide to the poor, the hungry, the sick and threatened – the peoples of the world whom the United Nations exists to serve."

Ensuring the UN's financial viability is "a condition for the very success" of his plan, but the Secretary-General emphasized that reform must also enhance the UN's ability to promote development and to address "the root causes of poverty and conflict." This point was underlined in a statement made by the Group of 77 developing nations, which said the motivation for

reform should not be "downsizing" the UN to achieve savings, but rather strengthening and revitalizing the UN's role in development.

The first phase of the reform effort involved a set of administrative and budgetary reductions and consolidations. Among them were the integration of three departments in the economic and social area into a new Department of Economic and Social Affairs, as well as the combining into one of three Secretariat entities serving intergovernmental forums. To cut costs, 1,000 Secretariat posts were eliminated – a 25 per cent decrease from a decade ago. As part of an effort to reduce administrative and other overhead expenses, non-programme costs were reduced from 38 per cent of the regular UN budget to 25 per cent. These economies brought about a proposed budget for 1998-99 with a negative rate of growth.

Preparing for the future, a Millennium Assembly will allow governments to articulate their visions and agree on a fundamental review of the UN's role.

Secretary-General Annan acknowledged in his July speech that it was important to end the UN's "persistent state of near-bankruptcy" which has been going on "for far too long." This situation is due, he said, to the failure of some member states to pay their assessed contributions "in full, on time and without preconditions."

As of 16 July, only 75 of the 185 member states had paid their dues in full. As the largest debtor, the US owes more than $1 bn and some members of Congress have demanded that the Secretary-General meet certain reform "benchmarks" in return for a partial payment on the debt. Answering his critics in Washington, Secretary-General Annan told a news conference that "unilateral" demands "do not impress, they do not intimidate; in fact they offend."

Noting that the UN had survived financially in recent years by borrowing from the peacekeeping account, the Secretary-General said this is no longer a viable option. Pending a "lasting solution" to the UN's financial crisis, he proposed as an interim measure that a revolving credit fund be established, initially capitalized at up to $1 bn, through voluntary contributions or other means. While this suggestion has met with some criticism – perceived as a means of letting those with arrears off the hook – Mr. Annan has challenged member states to "come up with better ideas" on how best to resolve the organization's serious cash-flow problem.

Improving leadership and management

The foundation underpinning the entire reform effort is a strengthened leadership and management structure for the UN. "We have never had a cabinet approach in this organization," the Secretary-General told CNN, the television news network, and "we are [now] establishing a cabinet." A senior management group will be formed to lead the process of change and institute sound management throughout the organization. Its membership will be drawn from senior managers selected by the Secretary-General and the convenors of the executive committees, formed in January, for each of the areas that comprise the UN's core missions. A strategic management group to analyze emerging global issues and trends will also be assembled within the Secretary-General's office.

Mr. Annan has proposed to the General Assembly that the post of Deputy Secretary-General be established to represent the Secretary-General during his absences from headquarters, to lead the effort to raise financing for development, and to ensure the coherence of cross-sectoral activities.

There are also a range of measures in his package that address enhancing the work of the General Assembly by: better focusing legislative debates and selecting major issues to be the subject of special high-level segments; streamlining the Assembly's agenda; and incorporating "sunset provisions," or conditions for termination, in new initiatives involving organizational structures and or major commitments of funds. The Secretary-General has also proposed shifting to results-based accounting in the UN programme budget.

With an eye to the future, Mr. Annan is requesting member states to consider forming a special commission at ministerial level to study the need for "fundamental change" in the entire UN system, including the specialized agencies which are "essential members of the UN family," towards improving the capacity of the UN system in the 21st century. The General Assembly in the year 2000 could be convened as a "Millennium Assembly" to allow heads of government to come together, articulate their visions of the future and agree on a fundamental review of the UN's role. A "People's Millennium Assembly" of representatives of civil society – whose rising prominence in the global community is highlighted in the Secretary-General's report – could be held as well.

"The United Nations remains the one, true and universal vessel of [the] dreams" of all the world's peoples, Secretary-General Annan stated in the conclusion of his speech to the General Assembly. "Reinvigorated, reformed and re-committed, [the UN] can carry those dreams into the next millennium, and make them reality." ■

Rwandese refugees in former Zaire: The UN's ability to respond to humanitarian emergencies will be strengthened and better coordinated.

Reconstruction a priority for Congo

New leaders confront legacy of economic collapse

By ***Ernest Harsch***

With the end of its seven-month civil war, the Democratic Republic of the Congo (formerly Zaire) has begun turning its attention to the daunting challenges of reconstruction and development. Meanwhile, the international community, in addition to considering how to assist this effort, is highlighting the plight of Rwandese refugees (see box).

"This is the beginning of a new era," Mr. Laurent Désiré Kabila declared to a crowd of tens of thousands in Kinshasa on 29 May, upon taking the oath of office as president. He pledged to hold a referendum on a new constitution by December 1998 and legislative and presidential elections by April 1999. In the meantime, the new government has banned all political party activity, a move that has aroused some public protests.

After President Kabila's warm welcome at the Harare Summit of the Organization of the African Unity (OAU), UN Secretary-General Kofi Annan noted that there was "quite a lot of sympathy" among the assembled heads of state for the work required to "rebuild the nation, get the infrastructure going, and eventually organize elections at an appropriate time." The World Bank estimates that infrastructural rehabilitation alone will cost some $3 bn annually.

Some donor countries had initially pressed for national elections to be organized quickly. But Congolese officials said their first priority would be to overcome the administrative and economic collapse left behind by the ousted regime of Mobutu Sese Seko.

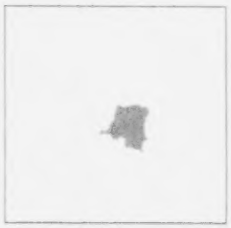
Most government employees have not been paid for several years, while many schools and health clinics were forced to close down. Although the country has some of the world's richest cobalt, diamond, copper and other mineral deposits, the state mining enterprises were often plundered under the Mobutu regime. The gross domestic product shrank by an annual average of 8.9 per cent during 1990-94, while inflation reached 750 per cent last year (down from a peak of 8,800 per cent in 1994). Meanwhile, the foreign debt has climbed steadily to $14 bn with few tangible results due to years of massive corruption.

Democratic Republic of the Congo

Population (mn, 1995)	44
Infant mortality (per 1,000 live births)	120
GNP per capita ($, 1995)	120
Real GDP growth (%, annual avg. 1990-94)	-8.9
Inflation (%, annual avg. 1990-95)	3,558
Total external debt ($ bn, 1995)	13.1

Sources: World Bank, World Development Indicators 1997; World Development Report 1997; UNICEF, State of the World's Children Report 1996

During Mr. Kabila's inauguration speech in Kinshasa, he said the old currency, the zaire, would be replaced by new Congolese francs. The first cabinet meeting in late May announced that a reconstruction plan would be drawn up for renovating the roads, overhauling the health system, coordinating labour supply and demand, and undertaking other key economic and social rehabilitation tasks.



The prospects for developing the country's vast mineral wealth have aroused much interest among foreign mining companies, with many delegations arriving to negotiate or sign prospecting and exploitation contracts. "We want a market economy," Finance Minister Mwana Mawampanga has said. "But we want to ask those companies who come to invest in our country to be good corporate citizens." In particular, he said, the government would seek to avoid the type of mining monopoly South Africa's De Beers Consolidated Mines had previously enjoyed in diamond marketing. Other officials have reported that the government is considering selling large chunks of its equity in the two state mining enterprises.

Whatever foreign investments eventually may come in, the financing requirements for rebuilding Congo's dilapidated economy and administration are immediate. In part, the government hopes to recover some of the vast sums believed to have been embezzled by Mobutu and his immediate associates – which by various estimates may range between $4 bn and $8 bn (see page 26). But such a process, even if partially successful, will likely take some time. In the shorter term, the UN Development Programme and other UN agencies are drawing up assistance packages to tackle some of the most pressing priorities. World Bank Vice-President for Africa Callisto Madavo led a delegation to Kinshasa on 23 June, and agreed to set up two commissions with the government, on the domestic economy and the foreign debt. ■

UN seeking to probe reports of refugee killings

Despite reluctance on the part of the new government of the Democratic Republic of the Congo, the United Nations is pressing ahead with its efforts to investigate allegations of massacres of Rwandese refugees by troops of President Kabila's Alliance of Democratic Forces for the Liberation of Congo (ADFL). "What is important here is to get to the facts," UN Secretary-General Kofi Annan said on 8 July, shortly after briefing the Security Council on the investigation team the UN plans to send to the country.

President Kabila had said at the OAU summit in Harare that a UN investigation team would be permitted to look into possible massacre evidence. The Congolese authorities, however, subsequently raised objections to both the composition and mandate of the team. They rejected the participation of Mr. Roberto Garreton, the UN Human Rights Rapporteur for Congo, and suggested that the team extend its scope to cover earlier atrocities by Hutu militiamen. Concerned that further time might be lost in haggling over such issues – risking the loss of evidence and perhaps the lives of surviving refugees – Mr. Annan said that the UN had to be flexible in order to get a team into the field "as quickly as possible" and that he would name a team.

The urgency of such a probe was dramatically highlighted on 2 July when the UN Commission on Human Rights released a report citing evidence of killings of refugees and other civilians in the eastern part of the country from September 1996 until the downfall of the Mobutu regime in mid-May. "Such crimes seem to be sufficiently massive and systematic to be characterized as crimes against humanity," the report concluded. While most parties to the conflict, including former Hutu militiamen interspersed among the Rwandese refugees, appeared to have committed violations, noted the report, some two-thirds of the incidents were attributed to the ADFL and its allies.

Southern Africa luring business

Optimism over region's peace, democracy and economic progress

By **Andrew Meldrum**
Harare

Smaller budget deficits, better infrastructure, more privatization and bigger incentives for foreign investors were key policies broadly agreed upon for Southern African states at the World Economic Forum summit held in Harare 21-23 May.

The international economic conference on regional integration of the 12 countries of the Southern African Development Community brought together 800 participants, including heads of state, cabinet ministers, economic experts and business people and industrialists.

Southern African officials took advantage of the large numbers of business leaders who flew in from Europe, North America and Asia to promote the attractions of the SADC members – Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

Sarah-Jane Poole

"We don't care who buys our [copper] mines, just as long as the mines make money and contribute to the exchequer," said Zambian President Frederick Chiluba at the Harare forum.

"We have democratic governments, we are promoting peace and, like the European Union, we have a vision of a democratic union," said Zimbabwean Minister of Industry and Commerce Nathan Shamuyarira. "Our economies are complementary. We are working to have a free exchange goods within the region and, thanks to our political leadership, we have the political will to accomplish that."

In 1996, because of the establishment of peace throughout the region and good rains, for the first time in many years every one of the SADC states registered positive growth, and in eight growth was more than 5 per cent.

At the conference, debates sometimes became quite lively, but there was an overriding confidence that Southern Africa is heading towards improved economic performance.

"Good monetary policies are like oxygen on which an economy breathes," said Pieter Van Huysaten, chief executive of Price Waterhouse, South Africa. Mr. Van Huysaten moderated one of the most interesting discussion panels, on regional monetary policies. The discussion saw general agreement that low budget deficits were essential to bring down interest rates.

Mr. Bernardus de Jager of the Reserve Bank of South Africa said there was a need to establish independent central banks with real power to control inflation and engineer price stability.

The need for free trade in the region was highlighted by many experts. "We are, individually, small markets and the way to grow is to grow regionally," said Mr. Antonio Matos of the Mozambican consulting group Austral. "For instance, we only produce 50 per cent of the products we consume, so there is a challenge here for us and for our investors. Countries like Mozambique need quick, huge growth. Our domestic market has small buying power so we need to look outside. We also need to create jobs; 60 per cent of SADC jobs are in South Africa, which has only 30 per cent of the population."

South Africa's economic preponderance in the region is undeniable and was much discussed at the conference. Southern Africa's population is 135 million but South Africa's economy alone accounts for four-fifths of the region's gross domestic product.

Mr. Jacob Mwanza, governor of the Bank of Zambia, criticized South Africa's current trade policies, which he said punished its neighbours by flooding the region with subsidized products at the same time as using punitive tariffs to keep products from neighbouring countries out of South Africa.

Although South Africa's current protectionist measures are seen as the region's most serious impediments to free trade, South African Minister of Trade and Industry Alec Erwin reconfirmed the need to establish a free-trade area in Southern Africa within eight years, as agreed by SADC leaders last year.

More privatization

Another area in which regional government leaders and foreign businessmen agreed was the need for increased privatization of state-owned industries. Zambia, Mozambique, Malawi and Zimbabwe are all conducting privatization drives.

"We don't care who buys our mines," said Zambian President Frederick Chiluba, "just as long as the mines make money and contribute to the exchequer." Mr. Chiluba's refreshing candour illustrated his government's privatization effort, which has seen 145 state-owned companies sold. But by far the biggest economic enterprise, Zambia Consolidated Copper Mines, has not yet been sold.

One of the most pointed presentations was by David Robins, executive vice president of Union Bank of Switzerland. "Parts of Southern Africa were recently war zones and what the region needs is a Marshall Plan, but it isn't going to get one," said Mr. Robins.

Mr. Robins said Southern African countries must instead attract foreign investment. In 1995, he said, the flow of investment into individual SADC states averaged $90 mn each, compared with $2 bn into Peru, $4.5 bn into Hungary and $7 bn into Singapore. "These figures indicate there is a serious barrier here," said Mr. Robins. "Is Africa seen as unstable? Are the legal and fiscal environments too restrictive?" He recommended deregulated markets, liberalized foreign currency controls and a friendly tax system. ■

World Bank urges greater state role

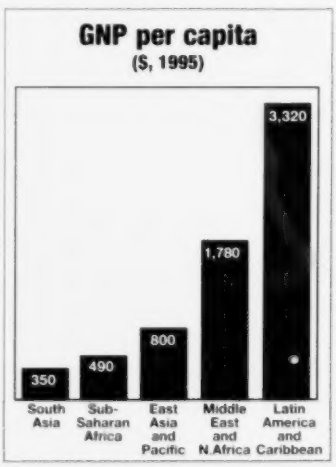
Says development requires greater government effectiveness

Countering earlier conceptions of economic reform that included "an overzealous rejection of government," the World Bank now argues forcefully that a focused and capable state remains central to economic and social development. "Development without an effective state is impossible," declares the Bank's *World Development Report 1997*, which this year addresses the theme of "The State in a Changing World."

"It is in sub-Saharan Africa," the report finds, "that the deterioration in the state's effectiveness has been most severe – the result of eroding civil service wages, heavy dependence on aid, and patronage politics." There are some exceptions, and the Bank notes progress in Botswana, Uganda, South Africa and several other countries. But citing a report by African finance ministers, the Bank concludes that "the majority of countries in sub-Saharan Africa now have lower capability (including state capability) than they did at independence."

The general lack of independent judiciaries, secure property rights and the rule of law tend to discourage entrepreneurs from investing, thus hampering economic growth. Poorly paid and ill-motivated civil services make it difficult for governments to carry out their policies, collect taxes or provide essential public and social services. Arbitrary rule and corruption undermine governments' political authority, the report says.

While all these problems are found to some extent in other developing regions, Africa has made the least progress in overcoming them. In 1960, notes the Bank, per capita incomes in much of East Asia were only a little higher than in Africa. But in part because of "the superior performance of the state in East Asia," by the mid-1990s per capita income there was significantly greater than in sub-Saharan Africa (see graph).



Source: World Bank, World Development Report 1997

"The clear need in most African countries is for a thorough reform of the machinery of the state," declares the Bank, "so that it can deliver quality public services and facilitate private activity rather than impede both."

In pushing the case for increased state effectiveness, the Bank is now disputing a view among some donor agencies and institutions that states in Africa and other developing regions must simply be rolled back, in order to liberate market dynamism. In the Bank's view, this conception of a "minimalist state," prevalent in the 1980s, correctly sought to move developing countries away from state-dominated economic models, which were marked by widespread failures.

"The clear need in most African countries is for a thorough reform of the machinery of the state," declares the Bank, "so that it can deliver quality public services and facilitate private activity rather than impede both."

However, in seeking to radically shift policies in the direction of strictly market mechanisms, there was a tendency to "overshoot the mark." In efforts to reduce government spending, notes the report, "the good was as often cut as the bad.... Cuts came primarily in capital budgets and, in Africa, in operating and maintenance outlays, further reducing the efficiency of investment. The result, seen most starkly in Africa, the former Soviet Union and even parts of Latin America, was neglect of the state's vital functions, threatening social welfare and eroding the foundations for market development."

To address such problems, the Bank offers a framework for state reform. Instead of a "simple message of dismantling the state," it proposes a two-part strategy.

On the one hand, the state's role must be matched to its existing capability. This means pulling back where the state was previously overextended, in order to guarantee "the economic and social fundamentals." These include securing property rights and public order so that business is encouraged, and providing essential infrastructure (transport links, communications, energy) when the private sector is unable to do so. In addition, noting that "markets undersupply a range of collective goods," the Bank argues that states have a legitimate responsibility to ensure clean air, basic literacy, public health, cheap transport and other services that promote people's general well-being.

On the other hand, because existing state capability may not be sufficient to cover all these functions, that capability must itself be strengthened over time, a priority that is especially important in regions such as Africa. Public institutions can be made more efficient by increasing civil servants' salary incentives, introducing merit-based recruitment and promotion and "contracting out" certain operations to the private sector or non-governmental organizations. Arbitrary rule and corruption can be reduced by introducing more checks and balances on those in top political positions and by "bringing the state closer to the people," says the report.

Reform difficult and costly

Such a reform process is difficult to initiate and sustain, the Bank acknowledges. Although macroeconomic management "is improving across a broad swath of African economies," notes the report, efforts to boost state effectiveness have been limited "to tinkering around the edges and to promulgating reforms on paper." Sometimes resolute action in one area has been accompanied by slippage in another. For example, Ghana, which the report terms "one of the pioneer reformers in sub-Saharan Africa," made swift changes to improve its tax collection, but at the same time "health expenditures have become even more regressive since reforms began."

The Bank notes that "an important constraint on systemic institutional reform of the state in Africa is its cost," and says that international assistance will be required for that purpose. However, most African countries also will need to "redirect existing, misallocated resources" to raise real public wages, increase social spending and invest in personnel management, retraining and accountability. ■

Good governance key to progress

Special Initiative supports development of African governance programmes

By ***Margaret A. Novicki***

Decentralization and civil society empowerment have emerged as among the major priorities of African governments as they seek to improve the quality of their political and economic governance. Along with reforming judiciaries, parliaments, public administration, and electoral processes, these priorities are emphasized in national governance programmes which were presented by African governments at the first Africa Governance Forum in Addis Ababa, Ethiopia, on 11-12 July.

Co-sponsored by the UN Development Programme (UNDP) and the UN Economic Commission for Africa (ECA), the Forum was held in the context of the UN System-wide Special Initiative on Africa, and, it is hoped, may become an annual event. The meeting was designed to provide an opportunity for African countries to engage in a dialogue with their international partners on the state of governance in the continent from the perspective of national efforts being undertaken.

World Bank / Curt Carnemark

Women's cooperative meeting in Senegal: strengthening civil society has emerged as a critical component of good governance.

"There is no single issue of greater importance to either the economic or political future of Africa," UN Secretary-General Kofi Annan told participants in a video-taped address. "We are witnessing, I believe, a new wave of progress in Africa, based on peace, democracy, human rights and sustainable development," he said. "Together, these four principles form the pillars of good governance."

Representatives of 18 donor countries, the Organization of African Unity, the African Development Bank, UN agencies and other international and non-governmental organizations (NGOs) heard presentations in Addis Ababa of the governance priorities of 14 countries. Mali, Uganda and South Africa emphasized decentralization, while Ethiopia and Mozambique highlighted electoral and parliamentary reform. Botswana, Malawi and Madagascar examined issues of constitutional and judicial reform and human rights. Senegal, Cameroon, Mauritius and Togo discussed socio-economic management and public administration, while Ghana and Swaziland focused on empowerment and participation. "Our expectation," Mr. K.Y. Amoako, ECA Executive Secretary, said in his address to the Forum, "is that these efforts will achieve greater coordination at country level, and hopefully, mobilization of resources in support of governance programmes on a more predictable basis."

The Special Initiative is a programme of concrete actions launched by the UN in March 1996 to accelerate African development over the next decade by boosting access to basic education, health and water. It also places a high priority on improving the quality of governance in Africa, in recognition of its critical role in creating a conducive climate for development and economic growth. The Initiative's governance component focuses on three areas: expanding capacities for transparent, responsible and effective governance; strengthening the role of civil society in development, including peace-building; and bolstering the OAU's capacity for peace-building, conflict resolution and national reconciliation.

As the lead agencies for this component of the Special Initiative, UNDP and the ECA are focusing resources on forging a consensus in Africa on how best to build good governance practices – a politically sensitive issue. This process was launched in May with a preparatory conference in Addis Ababa for some 30 NGOs and civil society organizations (CSOs) from around the continent. The meeting culminated in a consensus statement on governance (see page 24), which, along with the findings of the Forum, will feed into the UNDP-sponsored International Conference on Governance for Sustainable Growth and Equity, to be held in New York on 28-30 July.

UNDP currently devotes 39 per cent of its resources to the governance arena, arguing that sustainable human development will not be realized without "strong, effective and participatory – good – governance," according to Administrator James Gustave Speth. While there is little dispute over the validity of this point, in Africa governance issues have been controversial. Until recently, many countries were governed by one-party or military regimes, characterized by arbitrary rule and a lack of transparency. Calls for

improvements in governance were regarded as an unwarranted addition to the already numerous conditionalities imposed from abroad. However, with the end of the Cold War, a continent-wide wave of democratization has resulted in the replacement of one-party governments with multi-party systems and the growth in influence of civil society organizations. The debate is now shifting to how best to promote good governance practices so as to advance the pace of economic development.

Through presentations of national governance programmes, which highlighted individual countries' achievements and constraints, the Africa Governance Forum identified the essential components of good governance as including: leadership-building; transparency and accountability; civil society empowerment; the advancement of women; political transition; peace and stability; the rule of law and constitutional guarantees; and free and responsible media.

According to a recent UNDP policy document, good governance ensures that political, social and economic priorities are based on a broad societal consensus and that the poorest and most vulnerable have a voice in decision-making over the allocation of development resources. This is an area that needs strengthening in Africa, where despite progress on the electoral front, the institutions of democratic government, their linkages to civil society and the values which underpin good governance remain weak. As a consequence, development is held back. "People in new democracies are impatient – that a child is not provided a school, that a hospital has not been built, that the goodness of life associated with democracy has not yet been fulfilled," President Sir Ketumile Masire of Botswana said in an interview with the *Los Angeles Times*.

But the problem, as Mr. Amoako explained, is that "poor governance" has resulted in "weak professional and institutional capacity" to address Africa's development challenges. The continent's social and political upheavals and economic crises can be traced to these weaknesses, he told the NGO CSO Forum in Addis Ababa. "Narrow political considerations" have taken precedence over the public good, Mr. Amoako continued. Power has been personalized rather than "embedded in rules and institutions," and patronage and corruption have pervaded the administrative and political culture.

Fostering good economic governance

To reverse this situation, efforts are now being focused on redefining the role of government, improving its efficiency and implementing new approaches to capacity building. This entails fostering good "economic governance" practices, Mr. Amoako said, including effective public sector management systems, a professional civil service and an appropriate legal framework for development which provides a predictable and stable environment for economic transactions. Systems which ensure economic and financial accountability and transparency also should be put in place, he added.

Several African governments are placing a priority on upgrading public administration and management. Senegal's governance programme, for example, calls for improving economic management and civil service delivery. It also emphasizes decentralization, a priority for many countries as a means of improving government efficiency. South Africa has launched a National Council of the Provinces to present the views from the provincial and local government levels to the apex of the legislative process. It has also instituted a new local government system. Uganda as well has undertaken a programme of democratic decentralization to devolve power and resources to locally elected councils.

By improving governance, the continent's image can be enhanced, contributing towards building a constituency for Africa in donor countries.

Strengthening civil society

As part of its contribution to the Special Initiative, the UNDP Regional Bureau for Africa has developed the Special Initiative on Governance in Africa (SIGA) to improve the effectiveness of governance throughout the continent by addressing five areas: leadership building, transparency and accountability, civil society empowerment, political transition, and peace and stability. By improving governance, the image of the continent also can be enhanced, which in turn can contribute towards building a constituency for development assistance to Africa in donor countries.

SIGA aims to build and strengthen decision-making in government and civil society by supporting capacity building and information and experience sharing on the responsibilities of public office holders and citizens, the limitations on power and the importance of a balance of power. Another key area of emphasis is empowering civil society to provide a countervailing weight to the state and to influence public decisions, especially on development priorities, the delivery of services and the use of public resources.

This area has emerged as a priority in several governance programmes. For example, Ghana's programme calls for reform of the legislative environment for CSOs and an improvement in relations between CSOs and the three branches of government: parliament, the executive and judiciary. In Swaziland, civic education will be undertaken to empower women and other disadvantaged groups to take a more active role in the development process.

The ECA is also supporting efforts to strengthen civil society's participation in development and governance. A regional resource centre will be established to improve the capacities of African NGOs and CSOs. The centre will foster dialogue between government and CSOs as well as CSO involvement in conflict prevention and peace-building. It will also provide training and technical assistance in organizational capacity building, leadership development, advocacy with policy-makers, networking and dissemination of technical information. The centre will issue policy papers and analyses on the state of civil society in Africa and will offer national, subregional and regional training workshops. ■

Special Initiative promotes civil society links to governance

By **Gabriel Negatu**

Taking a step towards consensus on what has been a politically sensitive issue, over 40 non-governmental and civil society organizations (NGOs/CSOs) from around the continent – including women's, grassroots, and labour organizations, churches, research institutions, and policy advocacy groups – drafted, debated, and approved a statement on good governance in Africa (see box). The occasion was a regional consultation entitled "Building Partnerships Towards a Common Agenda for Governance in Africa," co-sponsored by the UN Development Programme (UNDP) and UN Economic Commission for Africa in Addis Ababa 23-24 May.

The statement, which was presented to the Africa Governance Forum in Addis Ababa in July, not only provides a definition of good governance, but also elaborates on ways in which it can be strengthened, with special emphases on gender equity and partnerships with civil society.

The goals of the meeting were to improve awareness and promote joint ownership of the governance initiative of the UN System-wide Special Initiative on Africa; to enable NGOs and CSOs to document best governance practices and lessons learned; and to empower them to reach a consensus on the essential requirements for good governance.

Opening the meeting, Mr. Dawit Yohannes, Speaker of the Ethiopian National Assembly, reminded participants of their common interest in three areas: improving the quality of governance in their countries; developing the capacity of governments to apply the principles of accountability, transparency, and openness; and working towards gaining the commitment of all – elected officials, public servants, and NGOs – to good governance.

Over two days, participants in working groups and plenary sessions exhaustively discussed ways to promote a priority governance agenda. Within the framework of UNDP's Special Initiative on Governance in Africa (SIGA), smaller discussion groups focused on leadership building for good governance; transparency and accountability in governance; civil society and empowerment; political transitions, peace and stability; and mainstreaming gender in governance.

The discussion on leadership building for good governance examined the need for visionary economic, political, and administrative leadership, in which capacity building for effective and responsible leadership should be strengthened. The experiences of CSOs were examined to distill lessons learned. The nature of partnerships between the state, civil society, and the private sector needed to institutionalize a culture of transparency and accountability was also discussed, with weak state structures and internal conflicts recognized as major impediments.

An empowered civil society, participants agreed, is an essential element in promoting and safeguarding good governance in Africa. The role of the state in fostering the requisite environment to nurture a vibrant and responsive civil society was addressed in the context of the need to invest in "social capital" as a foundation for good governance. The imperative of reforming public institutions to regain their legitimacy was discussed, as well as the larger framework of bringing governments closer to the people through decentralization and devolution of power. Participants also examined the peace, human security, and development nexus, and noted the need for an effective partnership between state and civil society institutions. NGOs and CSOs were called on to promote sub-regional security frameworks.

Mainstreaming gender in governance was identified as the shared responsibility of governments, CSOs, and international organizations and as a prerequisite for achieving good governance. As an immediate step, African governments were called on to review existing institutional structures, barriers, and legal instruments with a view to ensuring equal gender access. Capacity building to address the special needs of women was also suggested. International organizations with programmes on governance were called on to promote women's advancement in their work. ■

Consensus Statement on Governance in Africa

The following are excerpts from the statement adopted at the NGO/CSO Regional Consultation for Governance in Africa, 23-24 May 1997, in Addis Ababa, Ethiopia:

- Good governance is a process by which governments and people together identify shared values, needs and challenges, set priorities and develop programmes to address those needs and challenges and jointly manage the implementation of those programs and the available resources, through a transparent and accountable process with shared responsibility for outcomes that are responsive, gender-sensitive and broad-based. This requires a climate of respect for the rule of law, the existence of institutional checks and balances and full respect for human rights, with the expressed objectives of maximizing benefits to men and women for the common good.
- Mainstreaming gender in governance is the shared responsibility of the government and civil society, regional, sub-regional and international organizations and is a prerequisite for achieving development.
- Partnerships should involve civil society, governments and the private sector in a process that enhances the empowerment of civil society while also strengthening our governments and indigenizing the democratization processes.
- This can only occur within a context of peace and stability...and presupposes the elimination of poverty.
- Significant gains have been made on our continent with respect to democratizing governance.
- Additional challenges with respect to governance will need to be addressed in a number of areas which include creating an enabling environment for the expression of leadership at all levels, with a specific emphasis on ensuring the presence of women in leadership positions at all these levels.
- An underlying premise for good governance is that it requires a legitimate government. African governments should make a commitment to promote and live up to acceptable standards of transparency, accountability, the rule of law and respect for human and people's rights, and social and economic justice. These standards apply equally to civil society as well.

Pro-poor policies, external support needed to combat poverty

UNDP's 'Human Development Report' highlights acute challenges in Africa

By **Margaret A. Novicki**

Facing the "biggest challenges" of any world region in eradicating poverty in the coming decades, Africa can make sustained progress through special international support and "pro-poor" policies. The *Human Development Report 1997*, published by the UN Development Programme, says the UN should play an important leadership role in creating an international alliance to eradicate poverty in Africa. The UN System-wide Special Initiative on Africa, the report adds, could act as a potential focus for collective support towards this end.

The continent needs special international support in such areas as greater debt relief, higher aid levels better directed towards poverty reduction, and the opening of global markets, especially for its agricultural exports, according to the report. While reducing poverty and inequality would help to avert many conflicts, greater efforts must also be made in the area of conflict prevention and resolution, peace-building and reconstruction. Pro-poor policies, the report states, include promotion of broader political participation, ensuring accountability and transparency of government, promoting free flows of information and ensuring a strong role for community groups and non-governmental organizations in policy-making and legislative decision-making.

While noting that 1.3 billion people worldwide live on less than $1 a day in what is termed "income poverty," this year's *Human Development Report*, which is published annually, also introduces the more complex concept of "human poverty," stressing that poverty is multifaceted and must be addressed in all its aspects. It has devised a "human poverty index" (HPI) which measures the most basic dimensions of deprivation: a short life span, lack of basic education and lack of access to public and private resources.

The report warns that by the year 2000, half the people of sub-Saharan Africa will suffer from income poverty. The depth of poverty — how far incomes fall below the poverty line — is greater in sub-Saharan Africa than anywhere else in the world.

The region also has the highest proportion of people in "human poverty" and its fastest rate of growth. Six of the seven countries in which the HPI exceeds 50 per cent are in Africa — Niger, Sierra Leone, Burkina Faso, Ethiopia, Mali and Mozambique — meaning that more than half their people are living in various aspects of human poverty.

One of the major indicators of human poverty, the report says, is a short life. In sub-Saharan Africa, the child mortality rate is still nearly 100 per 1,000 live births, and the maternal mortality rate of 971 per 100,000 live births is more than 10 times that in East Asia. While life expectancy at birth in developing countries increased by 16 years during 1960-94, from 46 to an average 62 years, sub-Saharan Africa's life expectancy is just 50 years.

Profile of poverty

	People not expected to survive to age 40 (%) (1990)	Population without access to health services (%) (1990-95)	Population without access to safe water (%) (1990-96)	Adult illiteracy rate (%) (1995)	Children not reaching grade 5 (%) (1990-95)	Population living on $1 a day or less (%) (1993)
Arab States	15.5	13	24	43.2	9	4
East Asia	8.9	12	32	17.8	12	26
Latin Am. & Caribbean	10.8	n.a.	25	13.4	27	24
South Asia	19.9	22	18	49.6	39	43
S.E. Asia & the Pacific	15.1	15	35	12.3	16	14
Sub-Saharan Africa	31.9	47	49	42.2	29	39

Source: UN Africa Recovery from UNDP, Human Development Report, 1997

Lack of access to health care is another signpost. While there have been improvements over the past decades, and about 80 per cent of people in the developing world now have access to health services, in sub-Saharan Africa nearly 50 per cent do not.

The region, meanwhile, has 14 million people with HIV, or nearly two-thirds of all the infected people worldwide. In 18 African countries, HIV/AIDS could reduce life expectancy by at least 10 years. In 14 it could push up child mortality by at least 50 deaths per 1,000 live births.

Africa has made great strides, however, in one area of human welfare — political participation. More than half its states are undertaking democratic reforms — with some 30 multi-party presidential elections since 1990 — and strengthening civil society.

Empowering individuals, households and communities to gain greater control over their lives and resources — of which political participation is an essential component — is the first item on the *Human Development Report*'s agenda to eradicate poverty in the 21st century. This also entails providing access to credit and other financial services, ensuring food security, education and health for all and building social safety nets.

A second element is to empower women by providing equal access to education, health, job opportunities, land and credit. Third, pro-poor growth which gives priority to full employment and creates an enabling environment for small-scale agriculture, micro-enterprises and the informal sector needs to be accelerated in those economies that are growing slowly, stagnating or declining. Pro-poor growth, says the report, means "mainstreaming poverty reduction into national policy-making."

Finally, the management of globalization needs to be improved to open opportunities for poor countries rather than closing them off. Trade preferences, technical cooperation and capacity building are needed if African countries are to be able to compete in global markets. ■

Africans taking action on corruption

International community also begins to target corporate bribery

By **Ernest Harsch**

As more and more African countries move to curb corruption among their own officials, the UN and donor governments have begun throwing a spotlight on bribery and other international corporate and trading practices that contribute to the problem.

The importance of combating corruption in Africa was signaled in one of Mr. Kofi Annan's first interviews as UN Secretary-General, in which he stressed that economic development on the continent "implies good governance, competent elites and, above all, the disappearance of corruption." In early February he met with Mr. Peter Eigen, Chairman of the anti-corruption organization Transparency International, and pledged support for the campaign it is waging jointly with the Global Coalition for Africa. Mr. Annan noted the adoption by the UN General Assembly on 16 December 1996 of a declaration against international corruption and bribery (see box).

Efforts in Africa to recover embezzled funds diverted into foreign accounts have often run up against the problem of banking secrecy.

In line with the UN declaration, the industrialized countries' Summit of the Eight held in Denver in late June urged governments in developed countries to make the bribery of foreign officials illegal. In April, the Swiss government agreed to return $2.2 mn to Mali, the first time Switzerland will actually repatriate the funds of a former head of state (Gen. Moussa Traoré) in response to claims by a successor government that embezzled funds had been deposited in Swiss banks illegally. Switzerland also agreed in May to freeze any assets of former Zairean President Mobutu Sese Seko located in the country.

Such an emphasis on the international aspects of corruption marks a notable shift. Until recently, the tendency in the North was to bemoan corruption in Africa and other developing regions, but to virtually ignore the role of those abroad who give out bribes, launder corrupt proceeds or otherwise undermine the integrity of public institutions. In fact, bribes have often been considered "legitimate business expenses" and have been tax-deductible in many industrialized countries, noted Ms. Frene Ginwala, Speaker of the South African Parliament, at a European business ethics conference in Germany in September. She urged instead a more accurate and even-handed portrayal of the problem: "Let us be honest and admit that there are two parties to the transaction, the giver and the recipient, the corrupt businessman or company, and the equally corrupt politician or official."

A 'cancerous' malady

Since the start of the 1990s, as Africa has moved more forcefully toward improved management of public resources and institutions, the need to actively counter corruption has taken an increasingly prominent place on many reform agendas. Democracy activists, the media, political leaders, entrepreneurs and others have strongly condemned the malady, noting that it not only drains scarce state resources, but also hampers efforts at broader economic and social development.

As non-governmental organizations (NGOs) from Eastern and Southern Africa noted at a November 1995 conference in Arusha, Tanzania, corruption has reached "cancerous proportions" in Africa, with an "extremely negative impact ... on development and on the fight against poverty."

Recent scandals in Brazil, France, Italy, Japan, Mexico, the US and other countries indicate that corruption is a worldwide phenomenon. But in Africa, the poorest continent, its effects have been especially harmful. In some African countries corruption has been so pervasive that even the most basic public services have been crippled and virtually no financing is left over for public investment. Corrupt officials and their external partners have siphoned away billions of dollars from the continent into secret foreign bank accounts, probably accounting for a significant share of the continent's stock of flight capital, which the UN Economic Commission for Africa has reported to be an estimated $148 bn. The new government of the Democratic Republic of the Congo (formerly Zaire) charges that Mr. Mobutu and his entourage had diverted some $8 bn into foreign accounts, businesses and real estate holdings.

Even in less extreme cases, corruption tends to inflate government expenditures. Economists estimate that in investment or development projects marked by corruption, between 10 and 20 per cent may be added to the final cost of goods and services because of bribes, sales "commissions" and the direct diversion of funds. Sometimes the projects themselves have collapsed because they were poorly conceived or used substandard materials. Where such projects have been undertaken with external financing, the additional or unnecessary expenditures brought about by corruption have contributed to Africa's foreign debt.

"It is the citizen in developing countries who bears the cost of bribery," said Ms. Ginwala, "directly through the increased costs of government procurement contracts, consumer products or economic infrastructure in the host country, and indirectly through loss of state revenue which the developing state can ill afford." Assessing the costs of corruption will be the focus of an upcoming meeting of the Global

Promoting social responsibility and ethics

The General Assembly, in its 16 December 1996 "UN Declaration Against Corruption and Bribery in International Commercial Transactions," stressed the need to "promote social responsibility and appropriate standards of ethics on the part of private and public corporations, including transnational corporations, and individuals...." Combating corruption and bribery are essential for all countries, it said, to "enhance fairness and competitiveness in international commercial transactions," transparent and accountable governance, and economic and social development. It noted that such efforts "are especially pressing in the increasingly competitive globalized international economy."

Toward that end, the member states committed themselves to "combat all forms of corruption, bribery and related illicit practices," among other steps by criminalizing the bribery of foreign officials, denying the tax deductibility of bribes, developing improved accounting standards, reinforcing international collaboration among investigatory and judicial institutions, and ensuring that bank secrecy provisions do not impede legal action.

Coalition for Africa, to be held 31 October-1 November in Maputo, Mozambique.

Remedial measures

In recent years, an increasing number of African countries have been taking more resolute action to stem such losses. One factor has been the rise in political pluralism and public accountability, since opposition parties, independent newspapers, and other avenues for public expression make it harder to cover up high-level corruption or avoid action against officials suspected of misdeeds. "Democracy is fundamental to the battle against corruption," observed the participants at a September 1994 seminar on corruption organized in Benin by the Africa Leadership Forum and Transparency International.

A variety of measures and institutions have been introduced to facilitate corrective action, including special investigative and audit commissions, codes of conduct that seek to prevent a casual blending of public duties and private business, and mandatory disclosures of officials' assets, to make it harder to use public positions for self-enrichment.

In Tanzania, a special commission on corruption headed by former Prime Minister Joseph Warioba presented its 521-page report on 7 December 1996 to President Benjamin Mkapa, who promptly released it to the press the following day, despite the fact that it implicated a number of former and current high-level officials. The report urged immediate action to clean up the political leadership, judiciary and state organs, especially the police, and within a few days led to the resignation of a cabinet minister and the dismissal of two judges.

South Africa adopted an "ethics code" for all members of parliament (MPs) in August 1996. Proclaiming the need to "achieve a political order ... that is truly open, transparent and accountable," it provides for a public register of all incomes, properties and assets of MPs and their relatives and companions. By October 1996, the deadline for MPs to declare their assets, virtually all had complied.

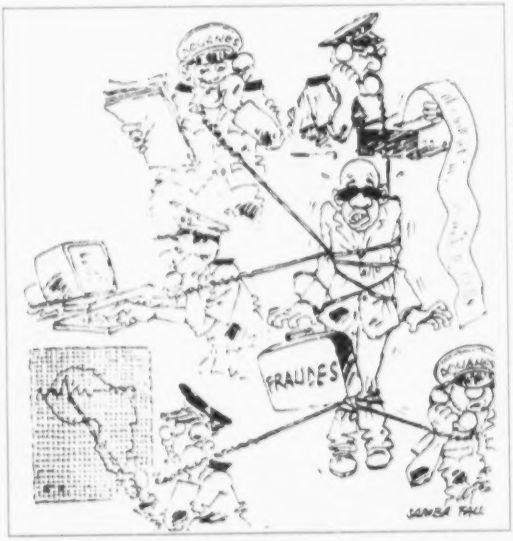
Governments and parliaments in Mali, Mozambique, Burkina Faso and other African countries have adopted similar asset declarations, although not all are publicly released, making it difficult to verify their accuracy.

Regional cooperation among African countries is also increasing, aimed at countering trade malpractices and inhibiting the flow of illegal funds across African borders. In October 1996, under the sponsorship of the Commonwealth, 15 countries of Eastern and Southern Africa met in Cape Town to discuss action against the laundering of "dirty money." In February 1997, customs services from throughout the Economic Community of West African States (ECOWAS) gathered in Senegal and pledged to cooperate more closely in the fight against trade-related fraud.

Spurring international action

Africa's anti-corruption campaigners must also contend with external actors who often have perpetuated and aggravated the problem. In Benin, Mali, and several other countries in recent years, courts trying corrupt former officials have uncovered clear evidence of foreign involvement, but those implicated have been beyond the reach of national jurisdictions. At a November 1995 conference of the Global Coalition for Africa, African participants were shocked to learn that in many industrialized countries the bribery of foreign officials is not only legal, but sometimes tax-deductible. In addition, efforts in Africa to recover embezzled funds diverted into foreign accounts have often run up against the problem of banking secrecy, and Swiss authorities have professed difficulty in uncovering accounts set up by Mr. Mobutu and his relatives, announcing in early June that they had been able to identify only some $3.4 mn.

West African customs agencies are improving coordination to fight cross-border fraud.



Because of such external influences and obstacles, Africa's anti-corruption efforts can make only limited headway on their own, argue Transparency International and other organizations. Gradually, the international community has come to acknowledge the problem.

In May 1994, the industrialized countries' Organization for Economic Cooperation and Development (OECD), headquartered in Paris, recommended that all member states "take effective measures to deter, prevent and combat the bribery of foreign public officials in connection with international business transactions." The Council of the OECD subsequently urged ending tax deductibility for foreign bribes and criminalizing the bribery of foreign officials (which only the US had previously done, in 1977). The OECD recommendations are non-binding, but they have spurred some governments to begin modifying their legislation.

The International Monetary Fund (IMF) and World Bank, at their joint annual meeting in Washington in September-October 1996, also addressed the issue of corruption more explicitly and extensively than before. They pledged to take determined action to eliminate corruption from their own lending programmes and to encourage governments to act against the malady.

"Let's not mince words," World Bank President James Wolfensohn declared, "we need to deal with the cancer of corruption. In country after country, it is the people who are demanding action on this issue." IMF Managing Director Michel Camdessus said that Fund officials would now regard it as their "duty" to press for anti-corruption reforms in countries seeking loans, although such changes would not be made an explicit loan requirement.

While welcoming the IMF and World Bank moves, Mr. Eigen of Transparency International cautioned donor institutions more generally against allowing "elements of conditionality" to creep into their anti-corruption initiatives. "Reforms have to be home-grown and self-administered," he said. "Any attempt to inflict anti-corruption policies from the outside would be doomed to fail." ■

UNDER THE BAOBAB TREE*

Cape Town: poverty amid plenty

by Djibril Diallo

The journalists, government officials and development experts visiting Cape Town for the first time could hardly conceal their bewilderment. Couldn't the UN Development Programme (UNDP) have chosen a better place to discuss the eradication of poverty?

The group had come to this rich South African city to participate in the global launch of the *Human Development Report 1997* and to share experiences on poverty eradication in Africa. They flew in from as far away as Burkina Faso, the Gambia and Guinea. From the airport to the hotel, they experienced a city that could have come straight out of a Hollywood studio: super motorways, ultra-modern skyscrapers, and downtown parliament buildings, surrounded by luxurious shopping centres, theatres, cinemas and concert halls. The waterfront, a famous tourist attraction, was close by.

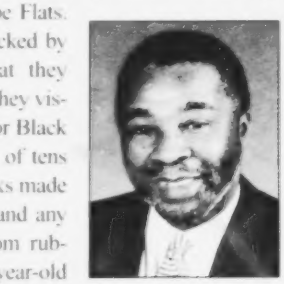
But there was more than what met the eye. This is a land of contrasts, where luxury lives side by side with abject poverty. David Whaley, the indefatigable UNDP Resident Representative in the country, was on hand to show how we could not have chosen a better place than Cape Town to illustrate the problem of global poverty. "As you drive to the airport, peer behind the hedges and fences to see the squatter settlements beyond," Mr. Whaley said. "The city is a good reflection of all that is impressive and all that was, until recently, wrong in the whole of South Africa."

The journalists among us were given a chance to spend a day in the sprawling townships of Cape Flats. Some of them were so shocked by the squalid conditions that they could not eat that evening. They visited Guguletu, a township for Black Africans, a conglomeration of tens of thousands of flimsy shacks made of cardboard, wood, paper and any other material collected from rubbish heaps. We met with 16-year-old Albertina Boyce, who already had a 4-month-old baby girl named Nzinsi. She and her husband shared a shack that had a pit-latrine outside. Because the family's home had no indoor plumbing or even access to a public watertap, Albertina and her husband had to beg for water from a severely overcrowded nearby hostel. Forget about frequent showers.

Unemployment is high among the 500,000 people of this township. There are no social services, no sewers or trash-collection systems.

The weather was very cold, much like what one would find in Western Europe in the middle of December. A biting wind swept through the flimsy boxes that house as many as 2.5 million people. Cape Town is a city of almost 3 million people. The masses were expelled from the city and dumped in ships segregated for the "Colour Asians and the Black Africans. "Apar about absolute, persistent, artificial and legally sustained poverty for the in the midst of subsidized affluenc minority," said David Whaley. "It v viciously and systematic ed human development."

Indeed, South Afri 90th out of 175 cou this year's Human Dev Index (HDI). Among su African countries, it has tively well, ranking right Seychelles and Mauritiu of human development white South Africans development levels ar comparable to levels in C Barbados. For Blac Africans, human develop els plunge to the 125th well below Botswana, Swaziland. In South Africa, 40 per national income is in the hands of the cent of the population, whereas the per cent hold only 10 per cent. With ures in mind, Soutl Deputy President Tha stressed at the sta *Human Developmen* launch that the politica tum in the struggl apartheid must now struggle against huma It has already re impressive levels o empowerment of wo cially in the legislat they represent 25 per national figure.



Deputy President Thabo Mbeki of South Africa: political momentum must now be directed against poverty.

Behind Cape Town's modern skyscrapers lie the sprawling, impoverished townships of the Cape Flats, a legacy of apartheid's sharp social contrasts.

UNDP is engage nerships with co across South Africa, opportunities to take of the resources of t and to contribute to i ment. After all, South Africa has the the resources to take care of most developmental needs.

**The African Baobab is one of the worl trees, thriving in even the most arid envir also the tree under which some Africans meet to decide issues of common concern.*

AFRICA AGENDA

FUTURE EVENTS

10-16 August 1997, Sacramento, California (US) – International Conference of Agricultural Economists to meet on theme **"Food Security, Diversification and Resource Management: Refocusing the Role of Agriculture?"** Tel (510) 643-5279, fax 643-8911, e-mail <Siebert@are.berkeley.edu>.

16-19 September, Johannesburg (South Africa) – Afritel '97: Moving Towards Open Competition in African Telecommunications. Contact IBC Conferences, tel (27-11) 883-6623, fax 883-3707.

16 September - December, New York – UN General Assembly, 52nd session.

20-23 September, Hong Kong – Annual meetings of the World Bank and IMF. Tel (202) 473-7272, fax 623-4100.

13-22 October, Antalya (Turkey) – 11th World Forestry Congress to meet on theme **"Forestry for Sustainable Development: Towards the 21st Century."** Contact 11th WFC Organizing Committee, tel (90-312) 417-7724, fax 417-9160, e-mail <obdtz@servis.net.tr> or the Food and Agriculture Organization, Rome, tel (39-6) 522-55088, fax 522-55137, e-mail <luis.botero@fao.org>.

27-28 October, Geneva – UNCTAD High Level Meeting on Least Developed Countries. Contact Mr. C.K. Patel of UNCTAD, tel (41-22) 907-5893, e-mail <chandra.patel@unctad.org> or Mr. Richard Eglin of the World Trade Organization, tel (41-22) 739-5111.

27-30 October, Oslo (Norway) – International Conference on Child Labour, convened by the International Labour Organization. Contact Mr. Assefa Bequele, tel (41-22) 799-8082, fax 798-8685.

10-11 November, Tokyo – Preparatory meeting for the second Tokyo International Conference on African Development (TICAD II). Contact Ms Kimiko Uno, tel (212) 963-2166.

26-27 November, Cairo (Egypt) – First African Transport Forum organized by the ECA and Egypt's Ministry of Transport and Communication. Fax (251-1) 51.44.16.

December, Ottawa (Canada) – Conference for signing treaty banning use of landmines, hosted by the government of Canada.

4-6 March 1998, Singapore – International Conference on Quality of Life in Cities: Issues and Perspectives. Contact Conference Secretariat, tel (65) 772-3440, fax 775-5502.

20-22 May, Accra (Ghana) – The West African Computer and Telecommunications Exhibition. Contact African Information Technology Exhibitions and Conferences, tel (44-1480) 407-477, fax 407-677, e-mail <aitec.admin@dial.pipex.com>.

WHAT'S TAKEN PLACE

22-25 July, Harare (Zimbabwe) – Fourth African-African American Summit, with a Trade and Investment Exposition. Contact Summit Office, tel (602) 443-4421, fax 443-1824.

30 June - 25 July, Geneva – UN Economic and Social Council, substantive session.

1-2 July, London – Structured Commodity and Trade Finance in Africa. Contact International Business Communications, tel (44-171) 453-2703.

23-25 June, Geneva – Seminar on how to increase foreign equity investment flows to Least Developed Countries, organized by UNCTAD and UNIDO. Contact Anh-Nga Tran-Nguyen, UNCTAD, tel (41-22) 907-5943, fax 907-0274; or Carine Richard-Van Maele, tel (41-22) 907-5816, fax 907-0043, e-mail <press@unctad.org>.

19-22 June, Denver, Colorado (US) – The Other Economic Summit (TOES) 97: Working Alternatives: A World that Works. Fax (212) 972-9878, e-mail <TOES97@igc.apc.org>.

3-5 June, Denver, Colorado (US) – African Mining Investment and Business Opportunities Symposium, sponsored by the Multilateral Investment Guarantee Agency. Tel (202) 473-1818, fax 522-2650.

27 May, New York – The Future of Development Assistance, seminar organized by the World Policy Institute and the MacArthur Programme on Global Change and Liberalism. Tel (212) 229-5808, fax 229-5579.

AFRICA BOOKS

Africa and Europe: The Changing Economic Relationship, ed. Oladeji O. Ojo (Zed Books, London, in association with the African Development Bank, Abidjan; 1996; 180 pp.; $55 hb, $19.95 pb)

The New Globalism and Developing Countries, eds. John H. Dunning and Khalil A. Hamdani. (United Nations University Press, Tokyo [for UNCTAD]; 1997; 336 pp.; $29.95)

Forty Years in Development: The Search for Social Justice (Vol. 40, No. 1 of the Society for International Development quarterly journal Development; Sage Publications, London; 1997; 142 pp.)

The Foreign Aid Business: Economic Assistance and Development Cooperation by Kunibert Raffer and H.W. Singer (Edward Elgar, Cheltenham, UK; 1996; 236 pp.; $70)

Who Elected the Bankers? Surveillance and Control in the World Economy by Louis W. Pauly (Cornell University Press, Ithaca, N.Y., US; 1997; 176 pp.; $25)

Fifty Years of the Bretton Woods Twins (IMF and World Bank) by S.L.N. Simha (Institute for Financial Management and Research, Chennai, India; 1996; 478 pp.; $25)

Central Banking in Developing Countries by Anand Chandavarkar (St. Martin's Press, New York; 1996; 289 pp.; $79.95)

World Development Indicators 1997, A new annual publication by the World Bank. (World Bank, Washington; 1997; 339 pp; $60)

The Anthropology of Anger: Civil Society and Democracy in Africa by Célestin Monga; translated by Linda L. Fleck and Célestin Monga (Lynne Rienner Publishers, London Boulder, Colorado, US; 1996; 218 pp.; $45)

Ethnicity in Africa: Towards a Positive Approach by Seyoum Hameso (TSC Publications, London; 1997; $19.50)

Reconceptualizing Governance (A UNDP discussion paper; UNDP, New York; 1997; 93 pp.)

Governance for Sustainable Human Development (a UNDP policy document; UNDP, New York; 1997; 40 pp.)

Empowering Communities: A Casebook from West Sudan by Peter Strachan with Chris Peters (Oxfam Publications, Oxford, UK; 1997; 87 pp.; $12.95)

Changing Places? Women, Resource Management, and Migration in the Sahel by Rosalind David (International Institute for Environment and Development Publications, London; 1995)

The Quality of Primary Schools in Different Development Contexts by Gabriel Carron and Ta Ngoc Châu (UNESCO, Paris; 1996; 306 pp.)

Institutions for Environmental Aid: Pitfalls and Promise, eds. Robert O. Keohane and Marc A. Levy (MIT Press, Cambridge, Massachusetts, US; 1996; 419 pp.; $45 hb, $22.50 pb)

Cities Fit for People, ed. Üner Kirdar (UNDP, New York; 1997; $24)

The Urban Challenge in Africa: Growth and Management of its Large Cities, ed. Carole Rakodi (United Nations University Press, Tokyo, 1997; $40)

Sustaining the Soil: Indegenous Soil and Water Conservation in Africa, eds. Chris Reij, Ian Scoones and Camilla Toulmin (Earthscan publications, London; 1996; £12.50)

Girér la fertilité des terres dans les pays Sahel: diagnostic et conseil aux paysans by Philippe Lavigne Delville (Gret, Paris; 1997; 400 pp.; 178 FF)

Nigeria: Renewal from the Roots? The Struggle for Democratic Development by Adebayo Adedeji, Onigu Otite, et al (Zed Books, London, with the African Centre for Development and Strategic Studies [ACDESS], Ijebu-Ode, Nigeria; 1997; 238 pp; $55 hb, $25 pb).

South Africa and Africa: Within or Apart? ed., Adebayo Adedeji (Sadri Books, Capetown; Zed Books, London; with ACDESS, Ijebu-Ode, Nigeria; 1996; 258 pp; $59.95 hb, $25 pb).

Each book is the first in a planned series by ACDESS. The first, providing case studies of grassroots organizations in seven Nigerian communities, inaugurates a series on popular participation across the continent. The second, a selection of papers from a 1994 ACDESS conference in Windhoek, Namibia, launches a series on post-apartheid South Africa's relationship with the rest of the continent and the role the country might play in the search for, and building of, "a new African order which would put the continent beyond dispossession and dependence."

AFRICA IN BRIEF

African Development Bank resumes concessional loans

The African Development Fund, the concessional lending arm of the African Development Bank (ADB), has committed $540 mn to projects in 24 African countries since September 1996, when the Fund was reactivated after a two-and-a-half-year hiatus. ADB President Omar Kabbaj told the annual meeting of the Bank group in Abidjan, Côte d'Ivoire, on 28 May, that over the previous year an additional $530 mn was lent from the non-concessional ADB window, for 15 operations in 10 countries.

For 1997 and 1998, Mr. Kabbaj continued, the ADB group will be in a position to lend regional member countries up to $2.5 bn, "of which about half would be in concessional operations." The group's Boards of Directors also specifically approved an allocation of $320 mn over the coming years to support the Highly Indebted Poor Countries (HIPC) initiative.

Like other multilateral and regional institutions, the ADB has undergone a process of restructuring and reform, reducing administrative costs in 1996 by 14 per cent, Mr. Kabbaj reported. It is also focusing its activities more sharply on priority objectives, such as poverty reduction, social and environmental sustainability, and promotion of private enterprise. Although the ADB has traditionally provided most of its financing to African governments, it will increase its support for private enterprise activities, Mr. Kabbaj told a symposium on private sector development shortly before the annual meeting. In addition, he said, "To reach out to the poor, the Bank will be introducing a micro-finance facility which will be operational in 1997, and whose resources will be channeled partly through non-governmental organizations." ■

UK praises UNIDO reforms and focus on Africa

Reversing an earlier decision to leave the troubled UN Industrial Development Organization (UNIDO), the new Labour Party government of the United Kingdom announced on 3 July that it would remain in the agency after all. In a letter to UN Secretary-General Kofi Annan, the UK's Secretary of State for International Development Clare Short praised the "comprehensive and impressive reform programme" UNIDO has undertaken over the past four years. "A continuing effort is under way to narrow and refocus UNIDO's activities into high-priority areas which match the changing needs of developing countries, especially in Africa," she said. Ms. Short noted that UNIDO's efforts have been part of a broader UN reform process, and by deciding to remain in UNIDO, the UK hoped to support Mr. Annan's proposals to "bring about a more effective UN."

The UK's annual contribution of £4.7 mn ($7.7 mn) accounts for about 7.5 per cent of UNIDO's budget, which has been severely hit by the earlier withdrawal of the US and demands by donor countries more generally for sharp cutbacks. Since 1993, UNIDO has already cut its annual budget by some 25 per cent, and reduced staff by 36 per cent. It also has refocused its activities on the poorest developing countries, especially in Africa, in the areas of private-sector development, environment, industrial policy advice and investment promotion. ■

Second Asia-Africa Forum promotes cooperation

Trade and investment between Asia and Africa should be expanded, and cooperation broadened to include the private sector, academic and research institutions and non-governmental organizations, recommended the second Asia-Africa Forum, held in Bangkok, Thailand, 11-13 June. Convened as part of the preparatory process for the second Tokyo International Conference on African Development (TICAD II) to be held in 1998, the Forum was co-sponsored by the governments of Thailand and Japan, the UN, the UN Development Programme and the Global Coalition for Africa. The senior officials from African, Asian and donor countries, research institutes and international organizations participating in the Forum drafted a message to the Denver G-7 Summit calling for enhanced support for African development.

Reviewing progress in Asia-Africa cooperation since the first meeting was held in Bandung in December 1994, the Bangkok Forum focused its discussions on capacity building, sustainable agricultural development and food security, and

Africa's population growth rate lower than expected

Africa's fertility rate declined from 6.34 in 1980-85 to 5.7 in 1990-95, and is estimated to be 5.31 for 1995-2000. The continent's population – 758.4 million in mid-1997 – is expected to grow at an average annual rate of 2.61 per cent during 1995-2000, reaching 1.05 billion by the year 2010. The current growth rate is lower than the 2.66 per cent rate projected in 1994, because as in other parts of the world, fertility rates dropped faster than expected, according to *The State of the World Population 1997* published by the UN Population Fund (UNFPA). Another reason is a higher-than-anticipated mortality rate due to wars and the AIDS epidemic, the latter, for example, having raised death rates by more than a third in Kenya, Uganda, Zambia and Zimbabwe.

Stressing the importance of ensuring access to adequate reproductive health services for all populations, especially women, the report cites Africa's burdens due to the lack of such services:

- After Melanesia/Micronesia/Polynesia, Africa has the highest maternal mortality rate in the world: 878 per 100,000 live births in the early 1990s, compared to 429 for the world, 479 for developing countries, and 27 for industrialized countries.
- Of the 70,000 annual deaths from abortion worldwide, 23,000 occur in Africa.
- The prevalence of contraceptive use is only 13 per cent in Africa (compared to close to 60 per cent worldwide and 56 per cent in developing countries).
- Over three-fourths of infants and children infected with HIV have been in sub-Saharan Africa.
- Of the 333 mn new cases of sexually transmitted diseases registered each year, 75 mn occur in Africa.

The report expresses concern that the level of funding for reproductive health services and programmes which was agreed to at the International Conference on Population and Development (ICPD) in 1994 may not be attained. The ICPD agreement calls for such expenditures to rise to $17 bn annually by 2000, with two-thirds of the funds to come from domestic resources and one-third from international assistance. A best-scenario projection by UNFPA foresees developing countries reaching their annual spending goal of $11.3 bn by 2000, while funding from donors would reach $3.6 bn, well below the $5.7 bn target.

— Frehiwot Bekele

private sector development. It also urged the development of information dissemination systems to facilitate cooperation between Asian and African countries.

Numerous opportunities for joint endeavours in promoting the private sector in Africa were identified, especially in the areas of infrastructure and communications, expansion of the financial sector, managerial, vocational and skills training, promotion of foreign investment and development of joint ventures.

The Forum also emphasized the great scope for Asia-Africa cooperation in agriculture and food security, recommending that networking among research institutes be strengthened, with Asian countries facilitating the transfer of agriculture-related technologies. The experience of Asian countries in water resource management, irrigation, underground water resources and drought-resistant crops also should be built upon in Africa through technical cooperation projects.

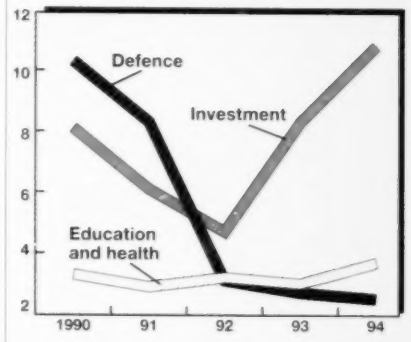
A third Asia-Africa Forum is planned for after TICAD II, to assess progress in Asia-Africa cooperation, which has the potential to become "a major component of the new global partnership which is emerging," according to the Bangkok Statement adopted at the Forum's end. ■

Ethiopian spending shifts from arms to development

Since the end of the Cold War, military expenditures have been declining worldwide, falling from 5.7 per cent of total output in 1983 to 3.0 per cent in 1994, reports the UN's *World Economic and Social Survey 1997*, released in July. While most of this is accounted for by countries in the North, there have also been significant declines in developing countries, notes the survey, citing Ethiopia as one example.

After nearly two decades of civil war and insurgency, a new government came into power in 1991 that pledged to rebuild the country. The government sharply cut back on military spending. "At the same time," observes the report, "the decline in defence outlays has freed resources for other public uses, including essential infrastructure rehabilitation and social expenditures" (see graph). Although Ethiopia's gross domestic product has begun to grow again, says the survey, "It will take considerable time to develop new working relationships between the centre and the regions, and between the public and the private sector, and to build new skills, especially among the hundreds of thousands of demobilized soldiers and retrenched civil service workers."

Government expenditures in Ethiopia
(as % of GDP)



Source: UN, World Economic and Social Survey 1997

Southern Africa wins an easing of the ivory ban

Botswana, Namibia and Zimbabwe will be allowed to sell portions of their ivory stockpiles for the first time since a global ban on the ivory trade went into effect seven years ago – thanks to a compromise agreement worked out at the June meeting of the Convention on International Trade in Endangered Species (CITES) in Harare, Zimbabwe.

The countries, each of which has been assigned a quota of ivory they may sell to Japan, had argued in favour of a resumption of the ivory trade. Their combined elephant herd of about 150,000 has been growing steadily due to effective conservation programmes. But, they said, this growth in numbers had caused severe ecological damage and had also destroyed the livelihoods of subsistence farmers in some areas.

Opponents said relaxing the ban on the ivory trade would once again encourage poaching, which is largely responsible for a decline in Africa's elephant population from 1.3 million in 1979 to 500,000 today. The global ban, by depressing demand for ivory, had dramatically reduced elephant poaching.

The CITES compromise allows the Southern African countries to sell nearly 60 tons of their stockpiled ivory in 21 months – they had proposed 150 tons – provided agreed monitoring measures are put in place. Ivory stockpiles have been built up from confiscations from poachers, elephant culling in overpopulated areas, natural deaths and elephants killed because they posed a threat to humans.

More than $30 mn in revenue is expected from the ivory sales, to be used to build fences, monitor the elephant population and compensate farmers whose crops have been destroyed. ■

Renewed anti-malaria effort

The UN Children's Fund (UNICEF) announced on 14 July that it is launching a major renewed effort to combat malaria, citing the rising toll of malaria deaths, especially among children. The effort will involve a new emphasis on bednets impregnated with insecticides. According to UNICEF, control trials in Burkina Faso, Gambia, Ghana and Kenya had shown that 20-25 per cent of child deaths could be avoided if children slept under bednets treated with pyrethroid insecticide, which is safe to both humans and the environment.

The new campaign, UNICEF noted, complements an agreement by African heads of state at the Organization of African Unity's June summit in Harare to initiate national malaria control programmes in all countries. Some 90 per cent of the 1.5-2.7 million deaths caused annually by malaria are in sub-Saharan Africa. ■

NGOs in Southern Africa press poverty eradication

For poverty to be eliminated, governments in the Southern African region need to adopt "poor-friendly" policies in health, agriculture, education, housing, land, food security and other sectors, declared a regional forum of non-governmental organizations (NGOs), community-based organizations and media representatives held in Windhoek, Namibia, 13-15 May. And to ensure that such policies are effective, governments also need to promote "the meaningful participation of the masses" in policy formulation and implementation.

Jointly organized by the UN Information Centres in Namibia, South Africa and Zimbabwe, the forum also laid particular stress on the important role of the media in drawing public attention to poverty issues and monitoring the progress of anti-poverty initiatives. Regional cooperation is also essential, the forum noted. Namibian President Sam Nujoma, who opened the event, emphasized that no country could afford to "go it alone in the fight against poverty." ■

AFRICA WATCH

IMF/WORLD BANK

Independent teams to evaluate adjustment lending

Both the International Monetary Fund (IMF) and World Bank are backing initiatives to have their structural adjustment lending programmes reviewed by outside experts and citizens' groups. A team of four academics led by Dr. Kwesi Botchwey, former finance minister of Ghana, is conducting the first external evaluation of the Fund's Enhanced Structural Adjustment Facility (ESAF). The team is concentrating on exchange rate realignments, tax reform, trade liberalization, government spending and social policies under ESAFs, and is expected to submit its evaluation by the end of the year.

The World Bank, following discussions with some 500 non-governmental organizations, launched a Structural Adjustment Participatory Review Initiative (SAPRI) on 14 July. Held jointly with national governments and citizens' groups, the reviews will initially be carried out in seven countries, including Ghana, Mali, Uganda and Zimbabwe. ■

Mrs. Annan visits Kenya to launch women's drive to support refugees

Mrs. Nane Annan, wife of the United Nations Secretary-General, joins in the welcome given her by refugee women at the Dadaab refugee camp. Mrs. Annan was in Kenya in June as a guest of the Kenya Business and Professional Women's Club, to help launch the Club's "Africa for Africa" drive to raise funds and awareness of refugees' needs. Mrs. Annan, an artist who was formerly administrative judge in Sweden and worked for the UN High Commission for Refugees in Geneva, came away very impressed by the various programmes designed to support the refugees, and by what women refugees in particular had accomplished in articulating their needs and organizing to meet them. In the grueling two-day visit, Mrs. Annan also gave the keynote speech at a packed fund-raising gala dinner, inaugurated an exhibit of African artists supporting refugee work, met with leaders and members of leading Kenyan women's groups, and discussed with UN Population Fund staff their work in Kenya. She also met with numerous Kenyans with disabilities when she gave the opening address at a meeting of the International Disability Foundation seeking to establish the norms in Kenya for implementing UN disability standards. The visit included a call on President Daniel arap Moi.

LOANS

First World Bank loan to post-apartheid South Africa

South Africa has received its first World Bank loan in 30 years to support the transition to a more liberal economy by improving the ability of small, micro- and medium-sized enterprises to compete in the international marketplace. Approved in late May, the $46 mn loan is to be repaid over 15 years after a three-year grace period.

With the removal of many trade restrictions, South African firms face both increased import competition and greater export opportunities. The loan, according to Mr. Callisto Madavo, Bank Vice President for Eastern and Southern Africa, will "increase the ability of firms in South Africa to assess export markets and quickly respond to consumer and market demands."

One component of the loan will encourage banks and other creditors to lend to small, micro- and medium-sized exporters. ■

UNIDO

OAU backs woman for top post

In a rare step, the Organization of African Unity has nominated as its sole candidate a woman for the position of Director-General of the UN Industrial Development Organization. The candidate, Ms. Olubanke King-Akerele of Liberia, is currently Chief of the East and Central Africa Division in the Regional Bureau for Africa at the UN Development Programme (UNDP). The election for the post takes place in September. ■

APPOINTMENT

Mrs. Florence N.M. Mumba *(Zambia) has been elected by the UN General Assembly as one of the 11 judges to serve on the International Criminal Tribunal for the Former Yugoslavia for a four-year term beginning 17 November 1997. Justice Mumba has been serving since 1989 as Investigator-General and Chairman of the Commission for Investigations, Zambia's ombudsman institution, and was earlier a High Court Judge (1980-89).*

POSTSCRIPT

In a very few words ...

Mr. C.S.M. Mselle of Tanzania, Chairman of the UN's advisory budgetary committee, listened quietly to a senior UN official answer a question from a committee colleague about whether there was "light at the end of the tunnel in Africa."

When the senior official had finished, Mr. Mselle quietly added his own brief comment, which captured the essence of the myriad diagnoses, prognoses and hopes generated by the African crisis: "There is more light in Africa than in any other place on earth," he said. "What Africa needs are solar panels." ■